

State of Arizona Department of Racing

**Annual Report
FY 2003**

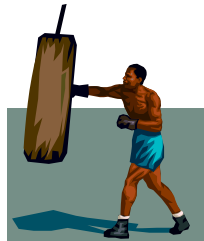


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ARIZONA DEPARTMENT OF RACING

JANET NAPOLITANO
GOVERNOR



GEOFFREY E. GONSHER
DIRECTOR

September 30, 2003

The Honorable Janet Napolitano
Governor of the State of Arizona
1700 West Washington
Phoenix, Arizona 85007

Dear Governor Napolitano:

It is my pleasure to submit the FY 2003 Department of Racing Annual Report. This report reflects statutory requirements as they relate to the Department's regulatory, fiscal, and administrative responsibilities.

Last year, the Department regulated and supervised horse and greyhound racing and pari-mutuel wagering at three commercial horse tracks, three greyhound tracks, fifteen county fair racing meetings, and 66 teletrack locations throughout Arizona. The total pari-mutuel handle for all racing was \$265.6 million, a decrease of \$8.6 million or 3.2% from the prior year. The total pari-mutuel tax receipts amounted to \$628,564, a decrease of 16% from the prior year.

FY 2003 was a period of restructuring for the Department. Changing conditions in the industry and budgetary restrictions have impacted the Department's resources and ability to perform all of its regulatory responsibilities in a timely manner. In addition, the Department introduced management and operational initiatives that are more consistent with the resources and regulations. With the continued support of your new administration, our objective is to build on the following initiatives for a more responsive and effective operation in the future.

- Regulate and supervise all pari-mutuel racing and wagering in order to protect racing participants and the wagering public.
- Strengthen agency management to respect and follow the rules, regulations and statutes that protect the integrity of the racing industry.
- Improve relationships with employees, permittees, licensees, and industry organizations to create partnerships to support the racing industry.

As part of the annual report, the Department is required by statute to submit recommendations for increasing state revenues from the regulation of the racing industry while maintaining the financial health of the industry and protecting the public interest. These are challenges that the Department and the industry must confront together.

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The Honorable Janet Napolitano
September 30, 2003
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In FY 2003, the Department requested the generation of revenue from the industry to support its statutory, administrative, and regulatory duties. The legislative proposal, which was adopted, was a continuance of General Fund dollars to meet these objectives.

In recent years, the Department's regulatory function and ability to adequately protect the industry has been diminished as funding has been significantly reduced. New mechanisms to achieve these regulatory objectives must be developed for the industry to continue to prosper and to maintain an acceptable level of safety and integrity. Consequently, the Department continues to evaluate methods for the industry to provide sufficient funding in the same manner as other regulated industries support their agencies.

The Racing Department is committed to performing all statutory and regulatory duties in a manner that brings respect to the agency and the industry. Your continued support is greatly appreciated.

Sincerely,

A handwritten signature in black ink, appearing to read "Geoffrey E. Gonsher", written in a cursive style.

Geoffrey E. Gonsher
Director

GEG/jc

Arizona Racing Commission

The Arizona Racing Commission was established in 1949 by the Arizona Legislature. The Racing Commission is responsible for issuing racing dates; preparing and adopting rules to govern racing meetings as may be required to protect and promote the safety and welfare of the animals participating in racing meetings; protecting and promoting public health, safety and the proper conduct of racing and pari-mutuel wagering; conducting hearings on applications for racing permits; reviewing applications for capital improvements at racetracks; and conducting hearings and other legal procedures on matters relating to racing licensees and the racing industry.

Arizona Revised Statutes § 5-102 authorizes a five-member Racing Commission, who shall be appointed by the Governor pursuant to A.R.S. § 38-211. Appointment is for a term of five years.

Burton Kruglick, the Racing Commission's Chairman, has served on the Commission since 1997. Mr. Kruglick has been active in Arizona government and politics for many years, serving as Chairman of the Arizona Republican Party from 1985 through 1991. He has been appointed to several Commissions and Boards over the years and is an active participant in community and philanthropic organizations.

Bob Ford, Racing Commission Vice-Chairman, was appointed to the Commission in 2001. Serving as a public member, Mr. Ford comes from a family with over 50 years in the horseracing industry. Mr. Ford has worked at tracks in several positions, gaining first-hand knowledge that serves him well on the Commission. Retired from the City of Phoenix Fire Department, Mr. Ford currently serves on the City of Phoenix Planning Commission.

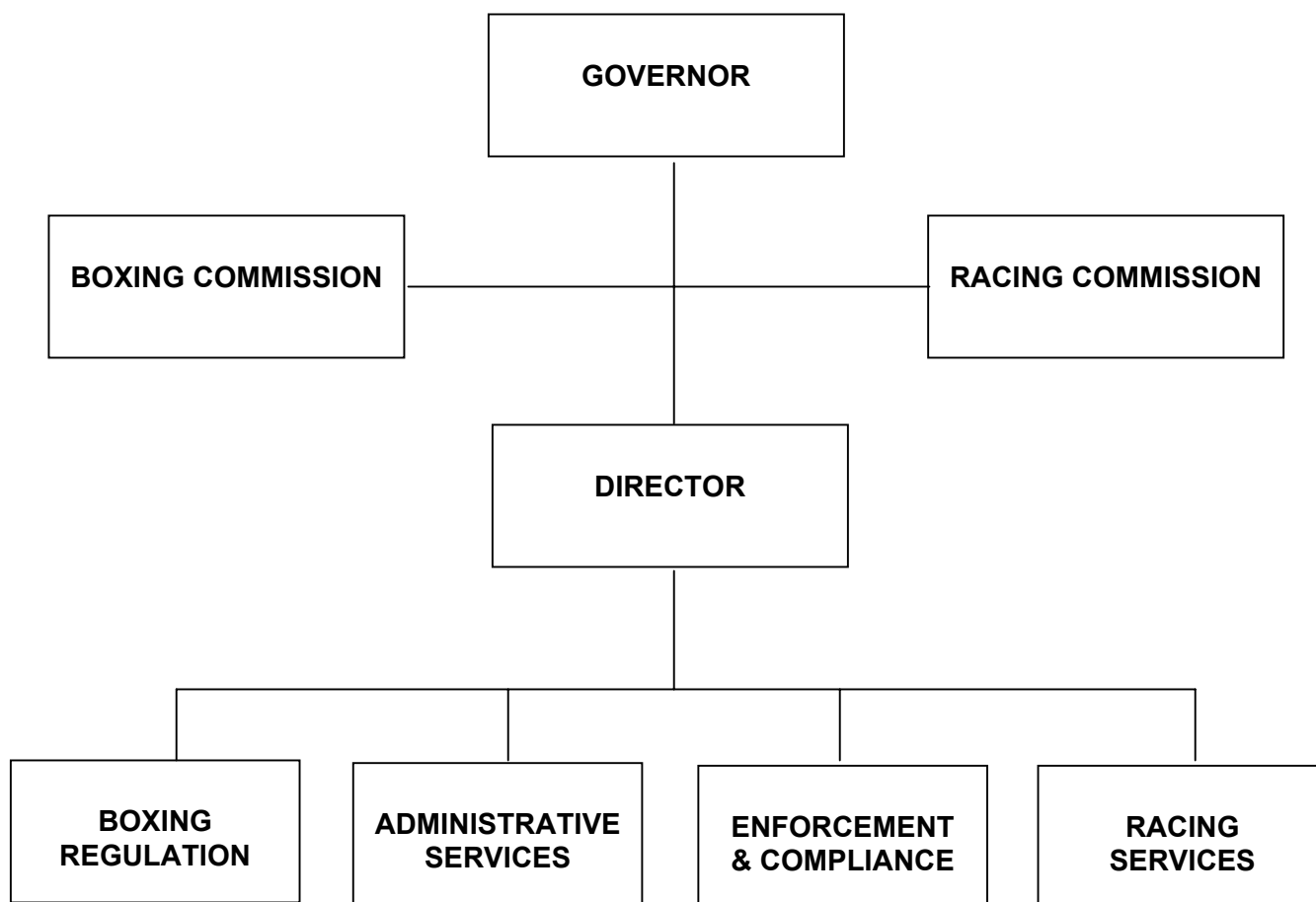
Michael Napier was appointed in January 2003. Mr. Napier, an attorney, horse owner and breeder, fills the horseracing-experience slot for the Commission. He is a member of several professional organizations, is active in animal welfare groups, and donates his time to several community and charitable organizations.

Michael Vespoli was appointed to the Racing Commission in January 2003. Mr. Vespoli is Director of Community Affairs for UFCW Local 99. With extensive experience in labor-management relations, Mr. Vespoli brings a wealth of knowledge involving mediation, arbitration and representation to the board.

In FY 2003, three individuals served who are no longer on the Commission. The Racing Commission and the Department of Racing express appreciation to A. Melvin McDonald, Joseph P. Tabback, and Sylvia K. Arena, all of who served the Commission and the industry with distinction and in an exemplary manner.

Department Of Racing

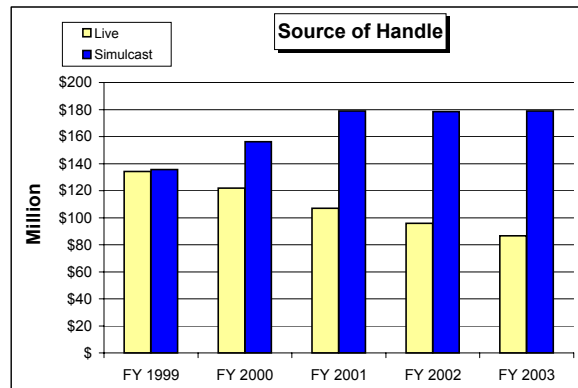
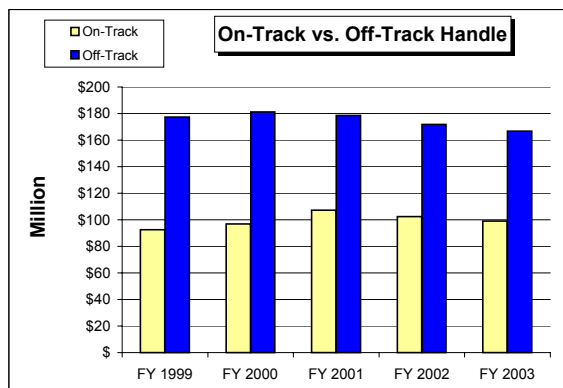
The primary mission of the Department of Racing is to regulate and supervise pari-mutuel horse and greyhound racing and wagering conducted in Arizona in order to protect racing participants and the wagering public. In addition, the Department regulates and supervises boxing events conducted in Arizona to protect participants in these events.



COMMERCIAL AND COUNTY FAIR RACING
Commercial Horse, Greyhound and County Fair Racing

<u>RACING STATISTICS</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
<u>Race Days/Performances</u> (including 15 Charity Days)					
Live Race Days	972	1,004	988	1,001	981
Dark Day-Simulcast only	519	534	607	588	611
Total Race Days	1,491	1,538	1,595	1,589	1,592
Total Live Performances (Matinee & Evening)	1,022	1,042	988	1,005	1,010
<u>Number of Races</u>					
Live Races	13,581	14,292	13,915	13,534	13,534
Simulcast Races	150,187	175,132	188,726	212,803	230,028
Total Number of Races	163,768	189,424	202,641	226,337	243,562
<u>Attendance</u>					
On-Track	807,046	813,650	880,614	810,454	843,474
Off-Track	893,556	872,508	932,595	855,374	838,310
Total Attendance	1,700,602	1,686,158	1,813,209	1,665,828	1,681,784
<u>Pari-Mutuel Handle</u>					
Average Handle per Race Day	\$180,950	\$180,779	\$179,253	\$172,579	\$166,823
Breakdown by location					
On-Track Handle	\$92,553,167	\$96,782,415	\$107,309,899	\$102,322,446	\$98,925,176
Off-Track Handle	\$177,244,005	\$181,255,409	\$178,599,279	\$171,906,178	\$166,657,437
Breakdown by source					
Live Races	\$134,085,795	\$121,941,593	\$107,074,785	\$95,785,970	\$86,628,828
Simulcast Races	135,711,377	156,096,231	178,834,393	178,442,654	178,953,785
Total Pari-Mutuel Handle	\$269,797,172	\$278,037,824	\$285,909,178	\$274,228,624	\$265,582,613
<u>DISTRIBUTION OF REVENUES</u>					
<u>Returned to Wagering Public</u>	\$208,613,214	\$216,557,955	\$223,085,133	\$214,510,744	\$204,188,047
<u>State Pari-Mutuel Revenues</u>	\$2,950,054	\$2,544,605	\$1,826,665	\$757,662	\$628,564
<u>Track Mutuel Revenues</u>					
Track Commission	\$54,862,309	\$54,926,514	\$57,433,648	\$54,840,464	\$52,770,892
Capital Improvement Rebate	869,326	768,324	624,772	561,913	248,590
Capital Improvement Non-Taxable	409,658	395,587	368,886	339,609	116,933
Capital Improvement AGP Non-Taxable	0	(448)	0	0	0
Charity Days-Revenues Withheld	92,363	89,419	61,457	63,297	69,660
Hardship Tax Credit	852,582	975,316	1,243,214	1,901,210	2,230,937
AGP-Hardship Tax (Transferred to PGP)	0	0	0	0	0
Breakage	1,147,665	1,260,006	1,274,313	1,226,711	1,136,083
Total Track Revenues	\$58,233,902	\$58,414,718	\$61,006,290	\$58,933,204	\$56,573,095
<u>Purses</u>	\$19,758,007	\$20,993,664	\$23,590,039	\$24,187,316	\$20,842,682

Racetrack Trends at a Glance



Commercial Racing

The Department of Racing regulates and supervises all commercial horse and greyhound racing meetings and pari-mutuel wagering conducted on- and off-track in Arizona to enforce laws and regulations and to protect racing participants and the wagering public.

In FY 2003, the Arizona Racing Commission approved a commercial racing permit for Pima County Fair Horse Racing Commission at Rillito Park. TP Racing, L.L.L.P. filed an application before the expiration of its racing permit on May 31, 2003. Because TP Racing made a timely and sufficient/administratively complete application, the current permit does not expire until the Racing Commission, upon recommendation by the Department, has finally ruled on the application.

A study submitted to the Racing Commission, which was conducted by the Arizona State University W. P. Carey School of Business, provided some impressive economic benefit information about the pari-mutuel racing industry in Arizona.

- Nearly 1.7 million fans annually watched race events and wagered \$274 million.
- The industry had a direct economic impact of \$154 million and provided 3,300 jobs in the State.
- State and local governments received \$19 million generated by pari-mutuel activities.
- Off-track betting was an important segment of the industry resulting in \$5 million in direct expenditures, 300 jobs, and \$700,000 in state and local revenues.
- Expenditures by out-of-state owners and race fans were \$33 million during their visits to Arizona.

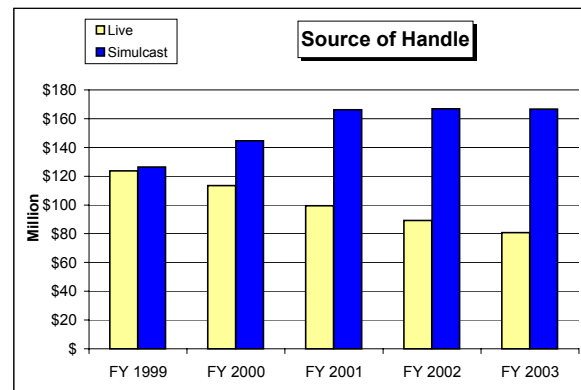
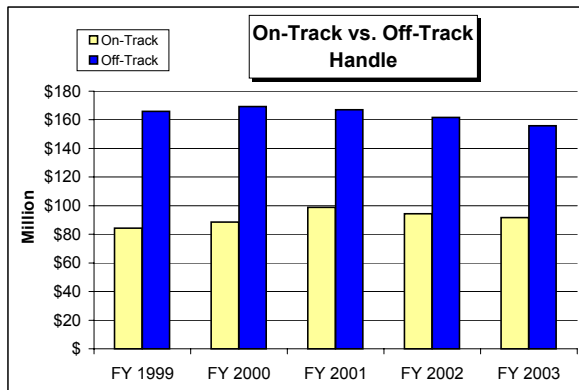
Commercial Racing Permittees, Tracks and Permit Terms

<u>Permittee</u>	<u>Track</u>	<u>Permit Term</u>
American Greyhound Racing, Inc.	Apache Greyhound Park	01/01/02 - 12/31/04
American Greyhound Racing, Inc.	Phoenix Greyhound Park	01/01/02 - 12/31/04
Pima County Fair Horse Racing Commission	Rillito Park	02/01/03 - 03/02/03
Southern Arizona Greyhound Racing, Inc.	Yuma Greyhound Park	01/01/02 - 12/31/04
Tucson Greyhound Park, Inc.	Tucson Greyhound Park	01/01/02 - 12/31/04
TP Racing, L.L.L.P.	Turf Paradise Race Course	06/14/00 - 05/31/03
Western Racing, Inc.	Phoenix Greyhound Park	01/01/02 - 12/31/04
Yavapai County Fair Association	Yavapai Downs at Prescott Valley	05/26/01 - 08/29/03

COMMERCIAL TRACKS
Commercial Horse and Greyhound Racing

RACING STATISTICS	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
<u>Race Days/Performances (including 15 Charity Days)</u>					
Live Race Days	912	944	927	943	921
Dark Day-Simulcast only	517	531	605	586	609
Total Race Days	1,429	1,475	1,532	1,529	1,530
Total Live Performances (Matinee & Evening)	962	982	927	947	950
<u>Number of Races</u>					
Live Races	13,045	13,684	13,367	13,029	13,028
Simulcast Races	149,764	174,201	186,798	211,006	227,928
Total Number of Races	162,809	187,885	200,165	224,035	240,956
<u>Attendance</u>					
On-Track	655,725	687,039	696,600	691,411	737,567
Off-Track	836,424	814,253	868,658	801,961	780,311
Total Attendance	1,492,149	1,501,292	1,565,258	1,493,372	1,517,878
<u>Pari-Mutuel Handle</u>					
Average Handle per Race Day	\$175,041	\$174,896	\$173,444	\$167,509	\$161,673
Breakdown by location					
On-Track Handle	\$84,299,013	\$88,619,600	\$98,724,645	\$94,376,373	\$91,610,048
Off-Track Handle	\$165,834,936	\$169,351,992	\$166,991,763	\$161,744,757	\$155,749,842
Breakdown by source					
Live Races	\$123,658,045	\$113,393,331	\$99,487,061	\$89,292,335	\$80,765,076
Simulcast Races	126,475,904	144,578,261	166,229,347	166,828,795	166,594,814
Total Pari-Mutuel Handle	\$250,133,949	\$257,971,592	\$265,716,408	\$256,121,130	\$247,359,890
<u>DISTRIBUTION OF REVENUES</u>					
Returned to Wagering Public	\$193,333,290	\$200,719,621	\$207,062,754	\$200,150,196	\$189,919,817
State Pari-Mutuel Revenues	\$2,950,054	\$2,544,605	\$1,826,665	\$757,662	\$628,564
<u>Track Mutuel Revenues</u>					
Track Commission	\$50,590,081	\$50,812,707	\$53,399,050	\$51,191,723	\$49,185,569
Capital Improvement Rebate	869,326	768,324	624,772	561,913	248,590
Capital Improvement Non-Taxable	409,658	395,587	368,886	339,609	116,933
Capital Improvement AGP Non-Taxable	0	(448)	0	0	0
Charity Days-Revenues Withheld	92,363	89,419	61,457	63,297	69,660
Hardship Tax Credit	852,582	975,316	1,243,214	1,901,210	2,230,937
AGP-Hardship Tax (Transferred to PGP)	0	0	0	0	0
Breakage	1,036,595	1,145,915	1,138,521	1,128,504	1,046,447
Total Track Revenues	\$53,850,604	\$54,186,820	\$56,835,900	\$55,186,256	\$52,898,136
Purses	\$17,577,539	\$18,785,661	\$21,175,708	\$20,538,575	\$18,842,906

Racetrack Trends at a Glance



Commercial Horse Racing

The Department of Racing is responsible for regulating and supervising all commercial horse racing meetings, conducting investigations, issuing licenses, conducting equine and human drug testing, overseeing wagering, hearing appeals of decisions, conducting hearings on investigation referrals and race incidents, collecting revenues for the State, and distributing awards to program recipients.

Investigations

The Department investigates possible violations of racing laws and rules and imposes administrative sanctions on those determined to have committed violations. All races are observed and supervised to ensure that all participants comply with the rules of racing.

<u>Performance Measures</u>	FY 2001	FY 2002	FY 2003
Number of rulings issued	517	554	536
Percent of original actions upheld on appeal	82%	71%	59%
Number of investigations conducted regarding compliance with rules	224	148	178
Percent of investigations resulting in disciplinary action	83%	70%	78%

Licensing

The Department issues licenses to participate in racing to those who are qualified and eligible. Licenses are denied for those who are undesirable or statutorily prohibited from participating.

<u>Performance Measures</u>	FY 2001	FY 2002	FY 2003
Number of licenses issued	3,433	3,938	1,905
Number of licenses denied	7	8	7
Number of investigations conducted regarding licensing	475	588	342
Percentage of investigations resulting in disciplinary action	12%	18%	15%
Percent of license denials upheld on appeal	50%	75%	100%

Breeders & Stallion Awards

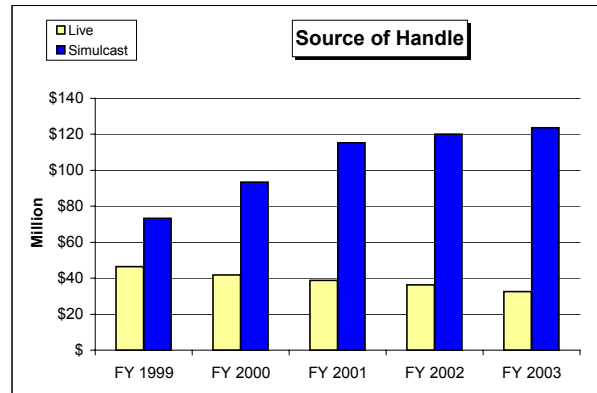
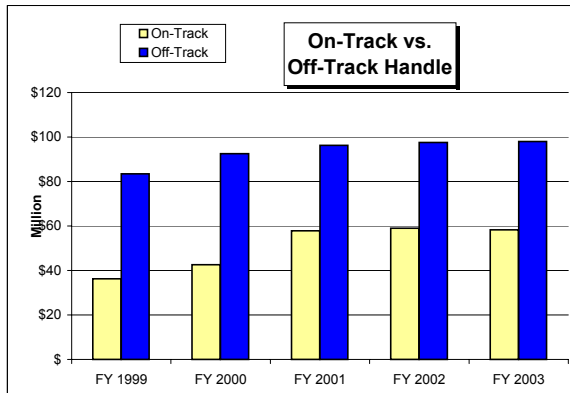
The Department encourages and promotes horse breeding in Arizona through the administration of and distribution to recipients of funds available through Breeders and Stallion Awards Programs.

<u>Performance Measures</u>	FY 2001	FY 2002	FY 2003
Number of eligible breeders	2,377	2,439	2,481
Number of eligible breeders winning awards	159	71	174
Number of eligible horses	4,335	4,599	4,972
Percent of eligible horses winning awards	16%	9%	3%
Quarter Horse Breeders' Awards	—	\$36,773	\$69,258
Thoroughbred Breeders' Awards	—	\$353,104	\$348,751
Stallion Awards	\$40,000	\$40,000	\$40,000

COMMERCIAL HORSE TRACKS
Rillito Park, Turf Paradise, Yavapai Downs

<u>RACING STATISTICS</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Race Days/Performances (including 3 charity days)					
Live Race Days	189	196	206	208	211
Dark Day-Simulcast Only	151	188	238	235	236
Total Race Days	340	384	444	443	447
Total Live Performances	189	196	206	208	211
Number of Races					
Live Races	1,853	1,936	1,988	1,989	2,079
Simulcast Races	5,037	12,089	13,652	32,429	37,039
Total Number of Races	6,890	14,025	15,640	34,418	39,118
Attendance					
On-Track	366,229	359,388	410,800	425,821	406,922
Off-Track	436,160	479,019	534,437	513,002	511,907
Total Attendance	802,389	838,407	945,237	938,823	918,829
Pari-Mutuel Handle					
Average Handle per Race Day	\$352,054	\$351,778	\$347,022	\$353,324	\$349,557
Breakdown by location					
On-Track Handle	\$36,210,612	\$42,614,139	\$57,801,999	\$58,975,299	\$58,231,225
Off-Track Handle	\$83,487,817	\$92,468,518	\$96,275,856	\$97,547,150	\$98,020,838
Breakdown by source					
Live Races	\$46,491,798	\$41,760,626	\$38,734,372	\$36,360,266	\$32,550,698
Simulcast Races	73,206,631	93,322,031	115,343,483	120,162,183	123,701,365
Total Pari-Mutuel Handle	\$119,698,429	\$135,082,657	\$154,077,855	\$156,522,449	\$156,252,063
<u>DISTRIBUTION OF REVENUES</u>					
Returned to Wagering Public	\$92,518,266	\$106,192,491	\$121,121,937	\$124,128,643	\$120,365,579
State Pari-Mutuel Revenues	\$589,793	\$522,442	\$661,654	\$595,011	\$528,708
Track Mutuel Revenues					
Track Commission	\$25,637,907	\$27,355,749	\$31,391,214	\$30,883,355	\$30,943,734
Capital Improvement Rebate	138,086	117,588	100,581	107,288	93,873
Capital Improvement-Non Taxable	0	0	0	0	0
Charity Day	24,732	27,776	8,911	14,628	12,935
Hardship Tax Credit	177,225	167,406	12,452	10,279	15,498
Breakage	612,420	699,204	790,018	783,247	780,344
Total Track Revenues	\$26,590,370	\$28,367,723	\$32,303,176	\$31,798,797	\$31,846,384
Purses	\$10,946,437	\$12,482,260	\$14,853,572	\$14,974,184	\$14,090,151

Racetrack Trends at a Glance



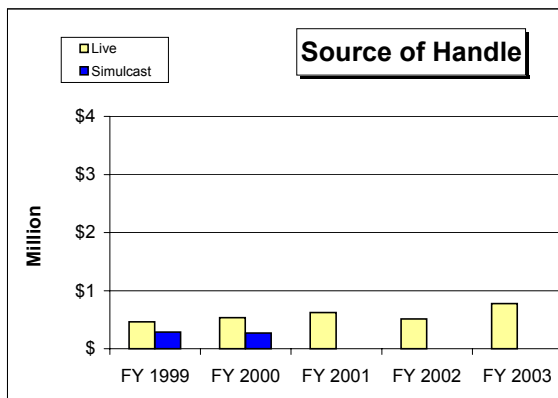
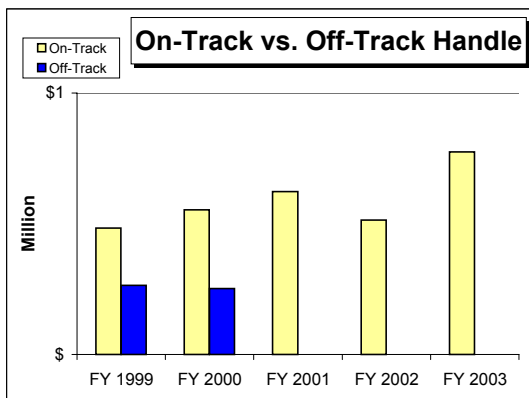
4502 North First Avenue
Tucson, Arizona 85728

RILLITO PARK
Pima County Fair Horse Racing Commission

FY 2003 Racing Dates:
February 1, 2003 - March 2, 2003

<u>RACING STATISTICS</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
<u>Race Days/Performances</u>					
Live Race Days	6	6	8	6	10
Dark Day-Simulcast Only	18	15	0	0	0
Total Race Days	24	21	8	6	10
Total Live Performances	6	6	8	6	10
<u>Number of Races</u>					
Live Races	53	57	70	55	91
Simulcast Races	511	524	0	0	0
Total Number of Races	564	581	70	55	91
<u>Attendance</u>					
On-Track	14,136	15,739	19,568	16,446	23,453
Off-Track	2,590	2,234	0	0	0
Total Attendance	16,726	17,973	19,568	16,446	23,453
<u>Pari-Mutuel Handle</u>					
Average Handle per Race Day	\$31,188	\$38,351	\$77,827	\$85,657	\$77,492
Breakdown by location					
On-Track Handle	\$483,824	\$553,395	\$622,612	\$513,941	\$774,915
Off-Track Handle	\$264,688	\$251,972	\$0	\$0	\$0
Breakdown by source					
Live Races	\$462,861	\$536,409	\$622,612	\$513,941	\$774,915
Simulcast Races	285,651	268,958	0	0	0
Total Pari-Mutuel Handle	\$748,512	\$805,367	\$622,612	\$513,941	\$774,915
<u>DISTRIBUTION OF REVENUES</u>					
Returned to Wagering Public	\$582,340	\$623,105	\$478,943	\$396,671	\$597,804
State Pari-Mutuel Revenues	\$0	\$0	\$0	\$0	\$0
<u>Track Mutuel Revenues</u>					
Track Commission	\$152,213	\$165,462	\$127,203	\$102,977	\$155,644
Capital Improvement Rebate	0	0	0	0	0
Capital Improvement-Non Taxable	0	0	0	0	0
Charity Day	0	0	0	0	0
Hardship Tax Credit	9,257	10,728	12,452	10,279	15,498
Breakage	4,703	6,071	4,014	4,014	5,969
Total Track Revenues	\$166,172	\$182,261	\$143,669	\$117,270	\$177,111
Purses	\$115,911	\$119,170	\$148,810	\$92,922	\$173,139

Racetrack Trends at a Glance



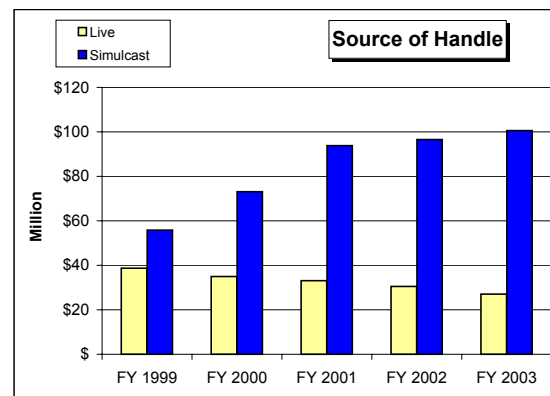
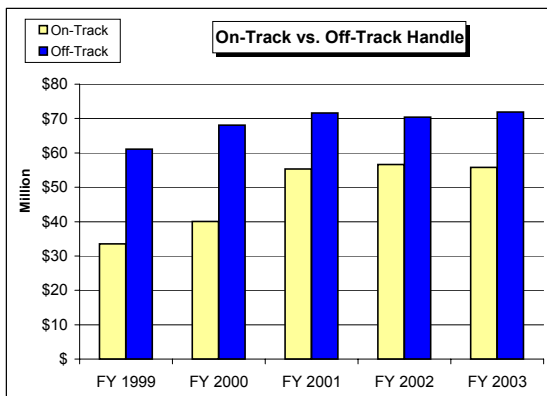
1501 West Bell Road
Phoenix, Arizona 85023

TURF PARADISE
TP Racing, L.L.L.P.

FY 2003 Racing Dates:
July 1, 2002 - June 30, 2003

<u>RACING STATISTICS</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
<u>Race Days/Performances</u> (including 3 charity days)					
Live Race Days	135	142	150	151	152
Dark Day-Simulcast Only	103	131	198	195	196
Total Race Days	238	273	348	346	348
Total Live Performances	135	142	150	151	152
<u>Number of Races</u>					
Live Races	1,421	1,477	1,528	1,492	1,551
Simulcast Races	3,386	9,418	11,659	29,044	33,329
Total Number of Races	4,807	10,895	13,187	30,536	34,880
<u>Attendance</u>					
On-Track	311,159	302,065	330,615	333,776	314,606
Off-Track	314,991	364,604	381,201	371,515	374,886
Total Attendance	626,150	666,669	711,816	705,291	689,492
<u>Pari-Mutuel Handle</u>					
Average Handle per Race Day	\$397,621	\$396,105	\$367,844	\$366,969	\$366,991
Breakdown by location					
On-Track Handle	\$33,500,746	\$40,041,977	\$55,318,801	\$56,603,892	\$55,788,355
Off-Track Handle	\$61,132,935	\$68,094,747	\$71,587,356	\$70,367,367	\$71,924,499
Breakdown by source					
Live Races	\$38,743,262	\$35,006,967	\$33,082,690	\$30,481,949	\$27,082,151
Simulcast Races	55,890,419	73,129,757	93,823,467	96,489,310	100,630,703
Total Pari-Mutuel Handle	\$94,633,681	\$108,136,724	\$126,906,157	\$126,971,259	\$127,712,854
<u>DISTRIBUTION OF REVENUES</u>					
<u>Returned to Wagering Public</u>	\$73,025,177	\$85,148,765	\$99,669,190	\$100,733,160	\$98,413,195
<u>State Pari-Mutuel Revenues</u>	\$589,793	\$522,442	\$661,654	\$595,011	\$528,708
<u>Track Mutuel Revenues</u>					
Track Commission	\$20,353,770	\$21,729,631	\$25,927,603	\$25,004,970	\$25,275,721
Capital Improvement Rebate	0	0	0	0	0
Capital Improvement-Non Taxable	0	0	0	0	0
Charity Day	17,105	21,019	8,911	14,628	12,935
Hardship Tax Credit	167,968	156,678	0	0	0
Breakage	479,869	558,189	647,711	623,491	632,473
Total Track Revenues	\$21,018,711	\$22,465,517	\$26,584,225	\$25,643,089	\$25,921,129
<u>Purses</u>	\$9,130,070	\$10,580,175	\$12,895,787	\$12,934,104	\$11,878,800

Racetrack Trends at a Glance

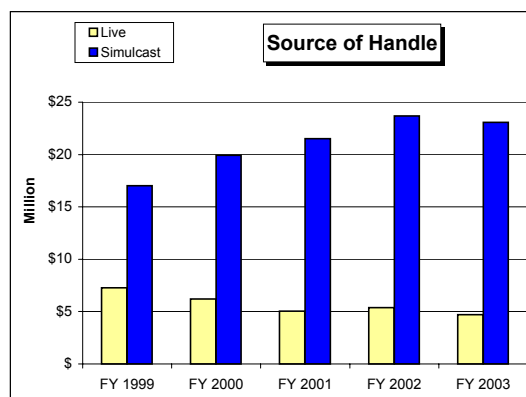
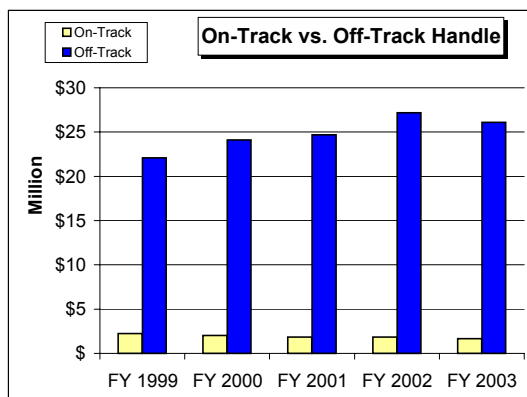


YAVAPAI DOWNS
Yavapai County Fair Association

FY 2003 Racing Dates:
May 24, 2003 - August 29, 2003

<u>RACING STATISTICS</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
<u>Race Days/Performances</u>					
Live Race Days	48	48	48	51	49
Dark Day-Simulcast Only	30	42	40	40	40
Total Race Days	78	90	88	91	89
Total Live Performances	48	48	48	51	49
<u>Number of Races</u>					
Live Races	379	402	390	442	437
Simulcast Races	1,140	2,147	1,993	3,385	3,710
Total Number of Races	1,519	2,549	2,383	3,827	4,147
<u>Attendance</u>					
On-Track	40,934	41,584	60,617	75,599	68,863
Off-Track	118,579	112,181	153,236	141,487	137,021
Total Attendance	159,513	153,765	213,853	217,086	205,884
<u>Pari-Mutuel Handle</u>					
Average Handle per Race Day	\$311,747	\$293,714	\$301,694	\$319,091	\$311,958
Breakdown by location					
On-Track Handle	\$2,226,042	\$2,018,767	\$1,860,586	\$1,857,466	\$1,667,955
Off-Track Handle	\$22,090,194	\$24,121,799	\$24,688,500	\$27,179,783	\$26,096,339
Breakdown by source					
Live Races	\$7,285,675	\$6,217,250	\$5,029,070	\$5,364,376	\$4,693,632
Simulcast Races	17,030,561	19,923,316	21,520,016	23,672,873	23,070,662
Total Pari-Mutuel Handle	\$24,316,236	\$26,140,566	\$26,549,086	\$29,037,249	\$27,764,294
<u>DISTRIBUTION OF REVENUES</u>					
<u>Returned to Wagering Public</u>	\$18,910,749	\$20,420,621	\$20,973,804	\$22,998,812	\$21,354,580
<u>State Pari-Mutuel Revenues</u>	\$0	\$0	\$0	\$0	\$0
<u>Track Mutuel Revenues</u>					
Track Commission	\$5,131,925	\$5,460,656	\$5,336,408	\$5,775,408	\$5,512,369
Capital Improvement Rebate	138,086	117,588	100,581	107,288	93,873
Capital Improvement-Non Taxable	0	0	0	0	0
Charity Day	7,627	6,757	0	0	0
Hardship Tax Credit	0	0	0	0	0
Breakage	127,848	134,944	138,293	155,742	141,902
Total Track Revenues	\$5,405,487	\$5,719,945	\$5,575,282	\$6,038,438	\$5,748,144
<u>Purses</u>	\$1,700,457	\$1,782,915	\$1,808,975	\$1,947,158	\$2,038,212

Racetrack Trends at a Glance



* Prescott Downs through 2001

County Fair Racing

The Department of Racing is responsible for regulating and supervising all county fair horse racing meetings, providing staff to operate race meetings, conducting investigations, issuing licenses, conducting equine and human drug testing, overseeing wagering, conducting hearings on investigation referrals, and collecting revenues for the State.

The Department of Racing recognizes that county fair racing is an important component of the Arizona racing industry. The racing fans and general public who attend have an enjoyable time. The horse owners, grooms, jockeys, and others are able to experience a competitive environment. Local communities also benefit from the economic and entertainment value of the races. An economic impact report submitted to the Commission concluded that 36,700 fans attended county fair race events in FY 2002. In addition, this segment of the racing industry had a total economic impact of \$22.7 million. In FY 2003, the Commission approved 14 applications for county fair racing.

In FY 2003, a total of \$1.1 million was available for county fair racing activities. County fair racing is supported by the following two fund sources:

County Fair Racing. This appropriated fund, used for the administration of county fair racing, is generated by 9% of all pari-mutuel receipts, license fees, and State unclaimed property up to \$300,000 annually. In FY 2003, this fund received \$300,000, and \$295,300 was spent for the program administration.

County Fair Racing Betterment. This non-appropriated fund provides purse subsidy and betterment grants to every eligible county fair association for conducting county fair racing meetings. The fund receives 22% of all pari-mutuel receipts, license fees, and State unclaimed property up to \$800,000 annually. In FY 2003, this fund received \$800,000, and \$778,900 was distributed.

Ten counties conducting a meet in FY 2003 received \$46,800 each to subsidize purses. Five counties conducted their meets at commercial tracks and did not receive funding for this purpose.

Ten counties received either \$21,850 or \$33,400 each in Betterment Grants last year. These funds were used for personnel, maintenance, security, emergency medical services, marketing, and other operating expenses. The five counties that conducted their racing at commercial sites were not entitled to the funds.

County Fair Racing

Betterment Payments to Counties

County	Purses	Betterment	Total
Apache County	\$46,800	\$33,400	\$80,200
Cochise County	46,800	33,400	80,200
Coconino County	46,800	33,400	80,200
Gila County	46,800	33,400	80,200
Graham County	46,800	33,400	80,200
Greenlee County	46,800	33,400	80,200
La Paz County	0	0	0
Maricopa County	0	0	0
Mohave County	46,800	33,400	80,200
Navajo County	0	0	0
Pima County	46,800	21,850	68,650
Pinal County	0	0	0
Santa Cruz County	46,800	33,400	80,200
Yavapai County	46,800	21,850	68,650
Yuma County	0	0	0
	<u>\$468,000</u>	<u>\$310,900</u>	<u>\$778,900</u>

Investigations

The Department investigates possible violations of racing laws and rules and imposes administrative sanctions on those determined to have committed violations. All races are observed and supervised to ensure that all participants comply with the rules of racing.

<u>Performance Measures</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Number of rulings issued	67	60	50
Percent of original actions upheld on appeal	100%	100%	75%
Number of investigations conducted regarding compliance with rules	24	9	13
Percentage of investigations resulting in disciplinary action	50%	67%	62%

Licensing

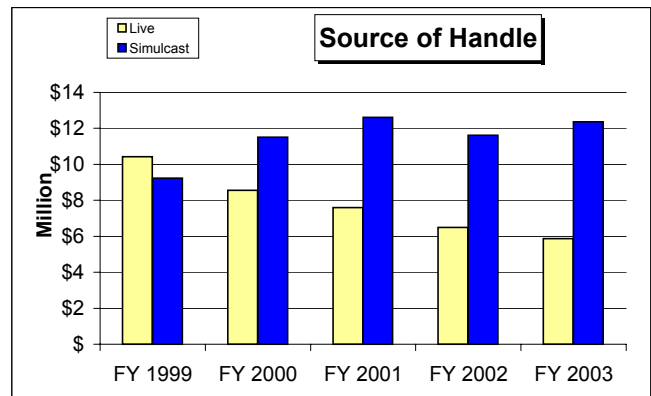
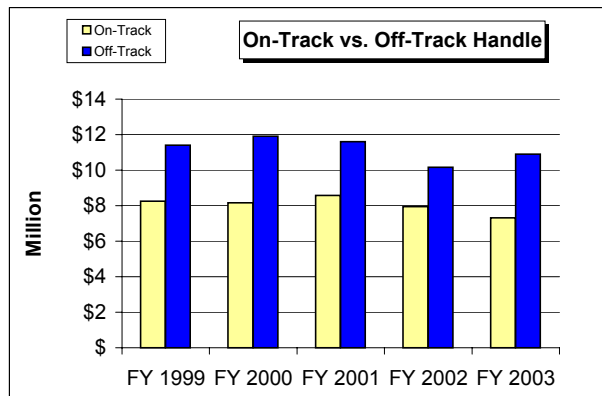
The Department issues licenses to participate in racing to those who are qualified and eligible. Licenses are denied for those who are undesirable or statutorily prohibited from participating.

<u>Performance Measures</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Number of licenses issued	656	553	252
Number of licenses denied	1	0	1
Number of investigations conducted regarding licensing	50	113	48
Percent of investigations resulting in disciplinary or enforcement action	22%	17%	8%
Percent of license denials upheld on appeal	100%	100%	100%

COUNTY FAIR TRACKS
County Fair Racing at Fairs and Commercial Tracks

<u>RACING STATISTICS</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
<u>Race Days/Performances</u>					
Live Race Days	60	60	61	58	60
Dark Day-Simulcast Only	2	3	2	2	2
Total Race Days	62	63	63	60	62
Total Live Performances	60	60	61	58	60
<u>Number of Races</u>					
Live Races	536	608	548	505	506
Simulcast Races	423	931	1,928	1,797	2,100
Total Number of Races	959	1,539	2,476	2,302	2,606
<u>Attendance</u>					
On-Track	151,321	126,611	184,014	119,043	105,907
Off-Track	57,132	58,255	63,937	53,413	57,999
Total Attendance	208,453	184,866	247,951	172,456	163,906
<u>Pari-Mutuel Handle</u>					
Average Handle per Race Day	\$317,149	\$318,512	\$320,520	\$301,792	\$293,915
Breakdown by location					
On-Track Handle	\$8,254,154	\$8,162,815	\$8,585,254	\$7,946,073	\$7,315,128
Off-Track Handle	\$11,409,069	\$11,903,417	\$11,607,516	\$10,161,421	\$10,907,595
Breakdown by source					
Live Races	\$10,427,750	\$8,548,262	\$7,587,724	\$6,493,635	\$5,863,752
Simulcast Races	9,235,473	11,517,970	12,605,046	11,613,859	12,358,971
Total Pari-Mutuel Handle	\$19,663,223	\$20,066,232	\$20,192,770	\$18,107,494	\$18,222,723
<u>DISTRIBUTION OF REVENUES</u>					
<u>Returned to Wagering Public</u>	\$15,279,924	\$15,838,334	\$16,022,379	\$14,360,548	\$14,268,230
<u>State Pari-Mutuel Revenues</u>	\$0	\$0	\$0	\$0	\$0
<u>Track Mutuel Revenues</u>					
Track Commission	\$4,272,228	\$4,113,807	\$4,034,598	\$3,648,741	\$3,585,323
Breakage	111,070	114,091	135,792	98,207	89,636
Total Track Revenues	\$4,383,298	\$4,227,898	\$4,170,390	\$3,746,948	\$3,674,959
<u>Purses</u>	\$2,180,468	\$2,208,003	\$2,414,331	\$3,648,741	\$1,999,776

Racetrack Trends at a Glance



County Fair Racing
Schedule and Statistics
FY 2003

	<u>Race Days</u>	<u>Live Races</u>	<u>Simulcast Races</u>	<u>Total Handle</u>	<u>Simulcast Handle</u>	<u>Attendance</u>	<u>Returned to Public</u>	<u>Track Commission</u>	<u>Breakage to Track</u>	<u>Purses</u>
Fairs at Non-Commercial Tracks										
Coconino County Fair at Flagstaff July 3, 4, 5, 6, 7, 8, 2002	6	34	188	\$2,079,934	\$1,453,881	19,339	\$1,632,680	\$420,604	\$10,392	\$152,600
Apache County Fair at St. Johns September 14, 15, 21, 22, 2002	4	32	0	46,554	0	1,876	36,390	9,782	382	56,514
Gila County Fair at Globe September 28, 29, October 5, 6, 2002	4	32	0	76,517	0	2,532	59,448	16,366	703	57,726
Greenlee County Fair at Duncan March 15, 16, 22, 23, 2003	4	32	0	71,407	0	1,725	55,472	15,238	696	57,670
Graham County Fair at Safford March 29, 30, April 5, 6, 2003	4	33	0	101,905	0	1,875	79,472	21,697	737	56,714
Cochise County Fair at Douglas April 12, 13, 19, 20, 2003	4	31	0	79,278	0	2,139	61,636	16,901	740	54,039
Santa Cruz County Fair at Sonoita April 26, 27, May 3, 4, 2003	4	36	0	202,422	0	7,300	157,591	43,075	1,756	142,172
Mohave County Fair at Kingman May 10, 11, 17, 18, 2003	4	32	0	111,527	0	2,505	86,878	23,727	922	56,976
Subtotal - Fairs at Non-Commercial Tracks	34	262	188	\$2,769,544	\$1,453,881	39,291	\$2,169,567	\$567,390	\$16,328	\$634,411
Fairs at Commercial Tracks										
Yavapai County Fair at Prescott Valley (Yavapai Downs) August 31, September 1, 2, 3, 2002	4	38	148	\$1,554,339	\$1,106,535	14,914	\$1,272,538	\$314,984	\$7,742	\$124,461
La Paz County Fair at Phoenix (Turf Paradise) January 11, 12, 18, 19, 2003	4	36	390	2,825,172	2,033,553	20,211	2,256,902	547,715	13,148	245,709
Maricopa County Fair at Phoenix (Turf Paradise) January 26, 27, February 1, 2, 2003	4	27	401	2,876,320	2,115,584	19,136	2,204,522	559,132	8,249	251,377
Pima County Fair at Tucson (Rillito Park) January 18, 19, 25, 26, 2003	4	36	0	298,995	0	11,019	230,486	60,268	2,261	66,792
Pinal County Fair at Phoenix (Turf Paradise) February 8, 9, 15, 16, 2003	4	35	383	3,169,151	2,248,153	22,025	2,476,013	613,314	17,426	278,050
Navajo County Fair at Phoenix (Turf Paradise) March 8, 9, 15, 16, 2003	4	36	458	3,392,045	2,484,427	20,252	2,634,976	660,797	17,786	293,032
Yuma County Fair at Prescott Valley (Yavapai Downs) May 24, 25, 26, 27, 2003	4	36	132	1,337,157	916,838	17,058	1,023,226	261,723	6,696	105,944
Subtotal - Fairs at Commercial Tracks	28	244	1,912	\$15,453,179	\$10,905,090	124,615	\$12,098,663	\$3,017,933	\$73,308	\$1,365,365
Total - All County Fair Racing	62	506	2,100	\$18,222,723	\$12,358,971	163,906	\$14,268,230	\$3,585,323	\$89,636	\$1,999,776

Commercial Greyhound Racing

The Department of Racing is responsible for regulating and supervising all commercial greyhound racing meetings, conducting investigations, issuing licenses, conducting greyhound drug testing, overseeing wagering, hearing appeals of decisions, conducting hearings on investigation referrals and race incidents, collecting revenues for the State, and distributing awards to program recipients.

Investigations

The Department investigates possible violations of racing laws and rules and imposes administrative sanctions on those determined to have committed violations. All races are observed and supervised to ensure that all participants comply with the rules of racing.

<u>Performance Measures</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Number of rulings issued	135	164	123
Percent of original actions upheld on appeal	100%	100%	25%
Number of investigations conducted regarding compliance with rules	52	18	128
Percent of investigations resulting in disciplinary action	56%	100%	14%

Licensing

The Department issues licenses to participate in racing to those who are qualified and eligible. Licenses are denied for those who are undesirable or statutorily prohibited from participating.

<u>Performance Measures</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Number of licenses issued	618	1,567	481
Number of licenses denied	2	5	2
Number of investigations conducted regarding licensing	279	203	92
Percent of investigations resulting in disciplinary action	14%	9%	10%
Percent of license denials upheld on appeal	100%	100%	100%

Inspections

The Department issues licenses to greyhound farms, kennels and other operations after the facilities have been inspected and satisfied requirements.

<u>Performance Measures</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Number of facilities licensed	64	44	51
Number of inspections conducted at facilities	170	168	145
Percent of inspections resulting in violations and disciplinary action	5%	4%	3%
Number of litter inspections	161	168	130

Commercial Greyhound Racing

Breeders' Awards

The Department encourages and promotes greyhound breeding in Arizona through the administration of and distribution to recipients of funds available through the Breeders' Awards Programs.

<u>Performance Measures</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Amount of awards	\$392,659	\$395,497	\$320,570
Percent of breeders winning awards	17%	11%	12%
Number of greyhounds earning awards	1,255	845	1,330
Number of eligible greyhounds	5,800	6,600	7,100

Greyhound Adoption

The Department provides grants to non-profit organizations to promote the adoption of retired racing greyhounds as domestic pets. This fund receives 100% of all fees collected from licensing greyhound racing kennels, breeding farms and other operations where greyhounds are raised for racing purposes. In FY 2003, the fund received \$300.

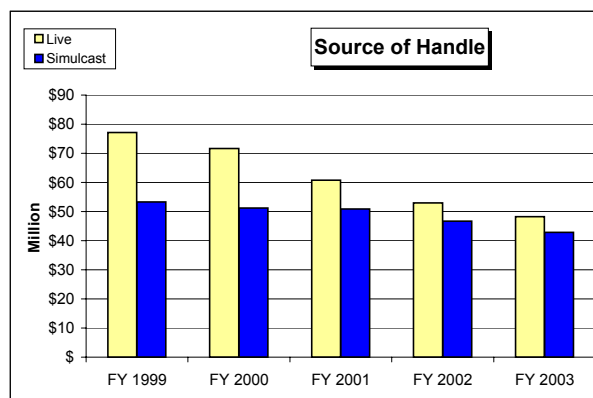
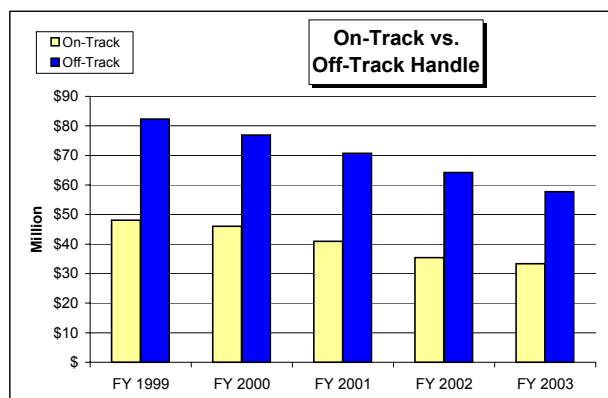
<u>Performance Measures</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Number of grants awarded	2	2	2
Amount of grants awarded	\$838	\$3,224	\$375

COMMERCIAL GREYHOUND TRACKS

Apache Greyhound, Phoenix Greyhound,
Tucson Greyhound

<u>RACING STATISTICS</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
<u>Race Days/Performances</u> (including 12 charity days)					
Live Race Days	723	748	721	735	710
Dark Day-Simulcast only	366	343	367	351	373
Total Race Days	1,089	1,091	1,088	1,086	1,083
Total Live Performances (Matinee & Evening)	773	786	721	739	739
<u>Number of Races</u>					
Live Races	11,192	11,748	11,379	11,040	10,949
Simulcast Races	144,727	162,112	173,146	178,577	190,889
Total Number of Races	155,919	173,860	184,525	189,617	201,838
<u>Attendance</u>					
On-Track	289,496	327,651	285,800	265,590	330,645
Off-Track	400,264	335,234	334,221	288,959	268,404
Total Attendance	689,760	662,885	620,021	554,549	599,049
<u>Pari-Mutuel Handle</u>					
Average Handle per Race Day	\$119,776	\$112,639	\$102,609	\$91,711	\$84,125
Breakdown by location					
On-Track Handle	\$48,088,401	\$46,005,461	\$40,922,646	\$35,401,074	\$33,378,823
Off-Track Handle	\$82,347,119	\$76,883,474	\$70,715,907	\$64,197,607	\$57,729,004
Breakdown by source					
Live Races	\$77,166,247	\$71,632,705	\$60,752,689	\$52,932,069	\$48,214,378
Simulcast Races	\$53,269,273	\$51,256,230	\$50,885,864	\$46,666,612	\$42,893,449
Total Pari-Mutuel Handle	\$130,435,520	\$122,888,935	\$111,638,553	\$99,598,681	\$91,107,827
<u>DISTRIBUTION OF REVENUES</u>					
<u>Returned to Wagering Public</u>	\$100,815,024	\$94,527,130	\$85,940,817	\$76,021,553	\$69,554,238
<u>State Pari-Mutuel Revenues</u>	\$2,360,261	\$2,022,163	\$1,165,011	\$162,651	\$99,856
<u>Track Mutuel Revenues</u>					
Track Commission	\$24,952,174	\$23,456,958	\$22,007,836	\$20,308,368	\$18,241,835
Capital Improvement Rebate	731,240	650,736	524,191	454,625	154,717
Capital Improvement Non-Taxable	409,658	395,587	368,886	339,609	116,933
Capital Improvement AGP Non-Taxable	0	(448)	0	0	0
Charity Days-Revenues Withheld	67,631	61,643	52,546	48,669	56,725
Hardship Tax Credit	675,356	807,910	1,230,762	1,890,931	2,215,439
AGP-Hardship Tax (Transferred to PGP)	0	0	0	0	0
Breakage	424,176	446,711	348,503	345,257	266,103
Total Track Revenues	\$27,260,234	\$25,819,097	\$24,532,724	\$23,387,459	\$21,051,752
<u>Purses</u>	\$6,631,102	\$6,303,401	\$6,322,136	\$5,564,391	\$4,752,755

Racetrack Trends at a Glance



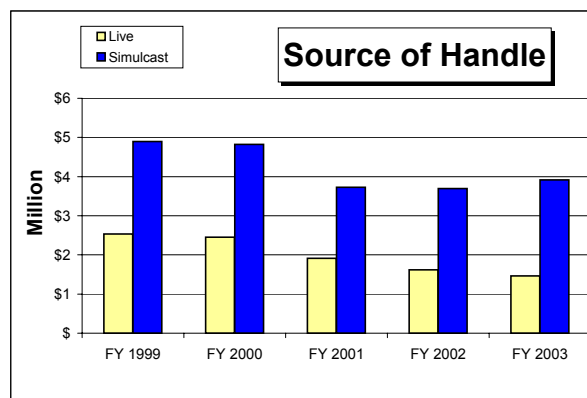
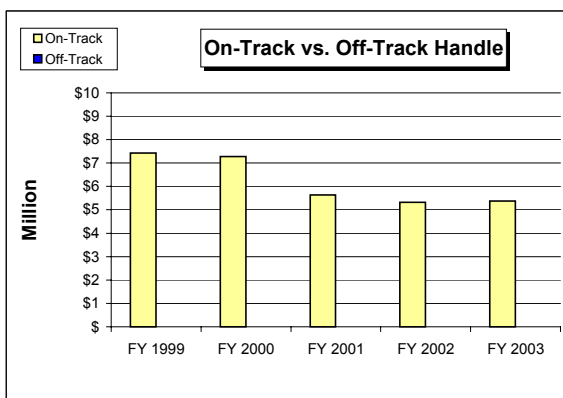
2551 West Apache Trail
Apache Junction, Arizona 85220

APACHE GREYHOUND PARK
American Greyhound Racing, Inc.

FY 2003 Racing Dates:
July 1, 2002-June 30, 2003

<u>RACING STATISTICS</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
<u>Race Days/Performances</u> (including 3 charity days)					
Live Race Days	78	73	69	69	52
Dark Day-Simulcast only	285	291	294	293	310
Total Race Days	363	364	363	362	362
Total Live Performances (Matinee & Evening)	78	73	69	69	52
<u>Number of Races</u>					
Live Races	1,170	1,165	1,123	932	774
Simulcast Races	54,876	53,437	52,035	56,843	59,484
Total Number of Races	56,046	54,602	53,158	57,775	60,258
<u>Attendance</u>					
On-Track	N/A	70,756	38,290	42,600	127,819
Off-Track	0	0	0	0	0
Total Attendance	N/A	70,756	38,290	42,600	127,819
<u>Pari-Mutuel Handle</u>					
Average Handle per Race Day	\$20,475	\$19,984	\$15,535	\$14,684	\$14,846
Breakdown by location					
On-Track Handle	\$7,432,560	\$7,274,183	\$5,639,221	\$5,315,494	\$5,374,389
Off-Track Handle	\$0	\$0	\$0	\$0	\$0
Breakdown by source					
Live Races	\$2,536,440	\$2,448,873	\$1,911,793	\$1,619,524	\$1,461,493
Simulcast Races	4,896,120	4,825,310	3,727,428	3,695,970	3,912,896
Total Pari-Mutuel Handle	\$7,432,560	\$7,274,183	\$5,639,221	\$5,315,494	\$5,374,389
<u>DISTRIBUTION OF REVENUES</u>					
<u>Returned to Wagering Public</u>	\$5,882,209	\$5,587,770	\$4,399,937	\$4,071,255	\$4,092,042
<u>State Pari-Mutuel Revenues</u>	\$0	\$0	\$0	\$0	\$0
<u>Track Mutuel Revenues</u>					
Track Commission	\$1,371,655	\$1,504,039	\$1,113,932	\$1,126,627	\$1,135,328
Capital Improvement Rebate	50,729	48,977	38,236	32,390	0
Capital Improvement Non-Taxable	97,922	96,506	74,549	73,904	27,383
Capital Improvement AGP Non-Taxable	(148,651)	(145,484)	(112,784)	(106,310)	(27,383)
Charity Days-Revenues Withheld	5,338	5,965	4,958	3,532	4,710
Hardship Tax Credit	134,166	128,723	100,191	85,542	75,362
AGP-Hardship Tax (Transferred to PGP)	(37,793)	(36,130)	0	0	0
Breakage	39,191	30,437	20,203	27,789	17,158
Total Track Revenues	\$1,512,558	\$1,633,033	\$1,239,285	\$1,243,474	\$1,232,558
Purses	\$533,048	\$482,419	\$382,432	\$169,194	\$278,658

Racetrack Trends at a Glance



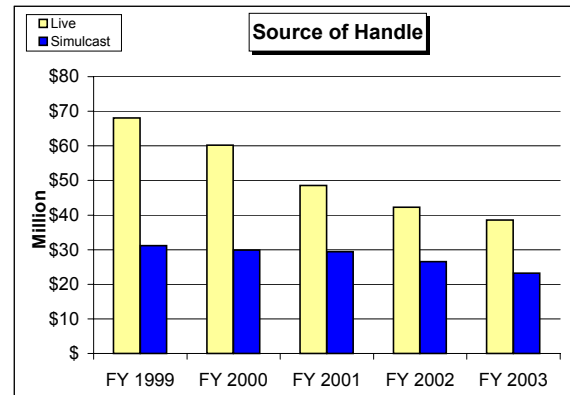
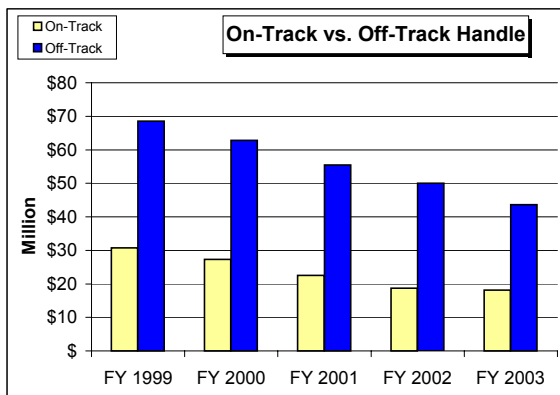
3801 East Washington Street
Phoenix, Arizona 85036

PHOENIX GREYHOUND PARK
American Greyhound Racing, Inc. and Western Racing, Inc.

FY 2003 Racing Dates:
July 1, 2002 - June 30, 2003

<u>RACING STATISTICS</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
<u>Race Days/Performances</u> (including 9 charity day)					
Live Race Days	363	362	337	354	349
Dark Day-Simulcast only	0	2	26	8	10
Total Race Days	363	364	363	362	359
Total Live Performances (Matinee & Evening)	402	401	337	358	378
<u>Number of Races</u>					
Live Races	5,799	5,871	5,333	5,174	5,486
Simulcast Races	41,744	44,419	47,383	46,694	57,608
Total Number of Races	47,543	50,290	52,716	51,868	63,094
<u>Attendance</u>					
On-Track	207,870	191,499	180,723	157,522	148,984
Off-Track	290,487	261,018	234,716	197,407	183,820
Total Attendance	498,357	452,517	415,439	354,929	332,804
<u>Pari-Mutuel Handle</u>					
Average Handle per Race Day	\$273,346	\$247,484	\$214,957	\$190,044	\$172,202
Breakdown by location					
On-Track Handle	\$30,721,352	\$27,268,555	\$22,547,761	\$18,742,278	\$18,182,026
Off-Track Handle	\$68,503,247	\$62,815,468	\$55,481,483	\$50,053,671	\$43,638,503
Breakdown by source					
Live Races	\$68,051,076	\$60,175,923	\$48,595,503	\$42,224,319	\$38,568,181
Simulcast Races	\$31,173,523	\$29,908,100	\$29,433,741	\$26,571,630	\$23,252,348
Total Pari-Mutuel Handle	\$99,224,599	\$90,084,023	\$78,029,244	\$68,795,949	\$61,820,529
<u>DISTRIBUTION OF REVENUES</u>					
Returned to Wagering Public	\$76,642,768	\$69,435,014	\$60,237,048	\$52,487,648	\$46,744,353
State Pari-Mutuel Revenues	\$2,360,261	\$2,022,163	\$1,165,011	\$162,651	\$99,856
<u>Track Mutuel Revenues</u>					
Track Commission	\$18,521,905	\$16,997,315	\$14,875,989	\$13,737,588	\$11,967,747
Capital Improvement Rebate	680,511	601,759	485,955	422,235	154,717
Capital Improvement Non-Taxable	311,735	299,081	294,337	265,705	89,550
Capital Improvement AGP Non-Taxable	148,651	145,036	112,784	106,310	27,383
Charity Days-Revenues Withheld	62,292	55,678	47,588	45,137	52,015
Hardship Tax Credit	179,361	185,962	567,075	1,305,647	1,689,918
AGP-Hardship Tax (Transferred to PGP)	37,793	36,130	0	0	0
Breakage	317,115	342,016	243,455	246,051	187,772
Total Track Revenues	\$20,259,363	\$18,662,977	\$16,627,183	\$16,128,673	\$14,169,102
Purses	\$5,056,462	\$4,665,210	\$3,952,833	\$3,570,784	\$3,317,197

Racetrack Trends at a Glance



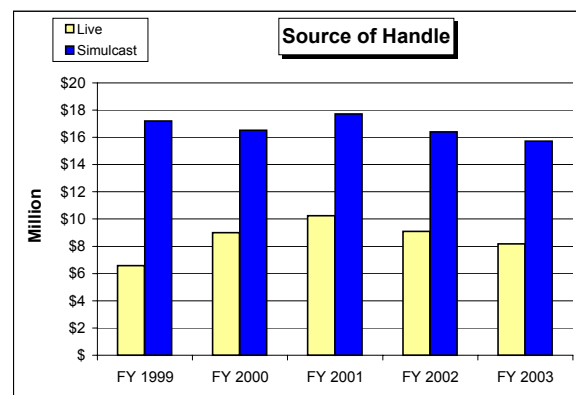
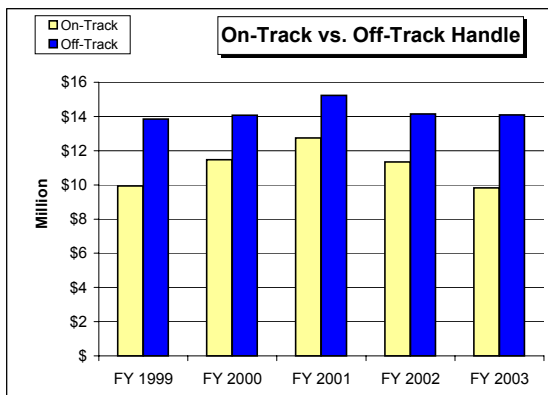
2601 South Third Avenue
Tucson, Arizona 85713

TUCSON GREYHOUND PARK
Tucson Greyhound Park, Inc.

FY 2003 Racing Dates:
July 1, 2002-June 30, 2003

<u>RACING STATISTICS</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
<u>Race Days/Performances</u>					
Live Race Days	282	313	315	312	309
Dark Day-Simulcast only	81	50	47	50	53
Total Race Days	363	363	362	362	362
Total Live Performances (Matinee & Evening)	293	312	315	312	309
<u>Number of Races</u>					
Live Races	4,223	4,712	4,923	4,934	4,689
Simulcast Races	48,107	64,256	73,728	75,040	73,797
Total Number of Races	52,330	68,968	78,651	79,974	78,486
<u>Attendance</u>					
On-Track	81,626	65,396	66,787	65,468	53,842
Off-Track	109,777	74,216	99,505	91,552	84,584
Total Attendance	191,403	139,612	166,292	157,020	138,426
<u>Pari-Mutuel Handle</u>					
Average Handle per Race Day	\$65,505	\$70,333	\$77,265	\$70,407	\$66,058
Breakdown by location					
On-Track Handle	\$9,934,489	\$11,462,723	\$12,735,664	\$11,343,302	\$9,822,408
Off-Track Handle	\$13,843,872	\$14,068,006	\$15,234,424	\$14,143,936	\$14,090,501
Breakdown by source					
Live Races	\$6,578,731	\$9,007,909	\$10,245,393	\$9,088,226	\$8,184,704
Simulcast Races	17,199,630	16,522,820	17,724,695	16,399,012	15,728,205
Total Pari-Mutuel Handle	\$23,778,361	\$25,530,729	\$27,970,088	\$25,487,238	\$23,912,909
Returned to Wagering Public	\$18,290,047	\$19,504,346	\$21,303,832	\$19,462,650	\$18,717,843
State Pari-Mutuel Revenues	\$0	\$0	\$0	\$0	\$0
<u>Track Mutuel Revenues</u>					
Track Commission	\$5,058,614	\$4,955,604	\$6,017,915	\$5,444,153	\$5,138,760
Capital Improvement Rebate	0	0	0	0	0
Capital Improvement Non-Taxable	0	0	0	0	0
Charity Days-Revenues Withheld	0	0	0	0	0
Hardship Tax Credit	361,829	493,225	563,496	499,742	450,159
Breakage	67,870	74,258	84,845	71,417	61,173
Total Track Revenues	\$5,488,313	\$5,523,087	\$6,666,256	\$6,015,312	\$5,650,092
Purses	\$1,041,592	\$1,155,772	\$1,986,871	\$1,824,413	\$1,156,900

Racetrack Trends at a Glance



Teletracking

The Department of Racing has the authority to approve applications for teletracking (off-track betting) permits, license teletracking sites and their personnel, and monitor compliance for both operational and technical requirements. Coconino County Racing (Fort Tuthill Downs) filed the only teletracking application approved by the Department in FY 2003. Other permittees have three-year term permits that expire at a later date. A total of 66 off-track-betting sites were approved to support both greyhound and horse racing in Arizona.

The total handle generated by commercial and county fair racing for teletracking was \$166.5 million. This included \$108.8 million for horse racing and \$57.7 million for greyhound racing. The State of Arizona received \$306,938 in revenue from the teletracking handle.

The handle at teletracking facilities was down during FY 2003, 3.3% from the prior year. The Table below summarizes the teletrack handle generated by commercial and county fair meets.

Teletrack Handle

Track	FY 2002	FY 2003
Turf Paradise	\$70,508,851	\$71,924,499
Phoenix Greyhound Park	50,051,474	43,626,042
Yavapai Downs	27,279,570	25,946,765
Tucson Greyhound Park	14,329,756	14,074,195
Turf Paradise (Fair Meets)	6,541,170	6,652,409
Yavapai Downs (Fair Meets)	2,396,799	2,511,061
Fort Tuthill Downs (Fair Meet)	1,102,882	1,744,125
Rillito Park	0	0
TOTAL	\$172,209,902	\$166,479,096

TELETRACKING ACTIVITY - COMMERCIAL HORSE MEETS

City	Site	YAVAPAI DOWNS			TURF PARADISE		
		Handle	Revenue	Performances	Handle	Revenue	Performances
AHWATUKEE	GRACE INN	\$1,185,759	-	89	\$3,099,650	\$10,438	243
APACHE JUNCTION	APACHE GREYHOUND PARK	743,724	-	89	2,486,900	8,340	242
APACHE JUNCTION	ARIZONA JOE'S	301,332	-	89	935,042	3,153	244
CASA GRANDE	MCMASHER'S SPORTS BAR	287,813	-	89	808,040	2,719	242
CAVE CREEK	SATISFIED FROG	293,751	-	89	1,046,654	3,535	243
CHANDLER	DIRTY DRUMMER	1,121,800	-	89	3,251,221	10,968	243
CHANDLER	STADIUM CLUB	960,722	-	89	2,839,680	9,586	244
FLAGSTAFF	MUSEUM CLUB	400,394	-	89	973,834	3,291	241
GLENDALE	GALLINGERS	84,840	-	55	189,656	646	99
GLENDALE	MAX'S SPORTS BAR	983,227	-	88	3,382,475	11,414	242
GOODYEAR	ROMAN'S OASIS	124,267	-	89	342,834	1,161	241
GREEN VALLEY	GREEN VALLEY LANES	18,501	-	25	67,080	230	94
KINGMAN	ABC RESTAURANT	190,707	-	89	537,622	1,812	242
LAKE HAVASU CITY	GALLAGHER'S AGAIN	328,730	-	89	1,106,521	3,731	243
MARANA	OLD FATHER INN	33,222	-	19	-	-	-
MARANA	SILVERADO STEAKHOUSE	350,598	-	70	1,363,320	4,594	242
NEW RIVER	NEW RIVER STATION	69,498	-	89	217,120	736	244
NOGALES	WILD WEST	38,316	-	24	83,050	284	72
PARKER	STROKES	90,397	-	89	281,686	948	243
PAYSON	FAMOUS SAM'S	68,033	-	34	401,792	1,342	226
PEORIA	GRAND INN	663,527	-	89	1,967,992	6,654	244
PHOENIX	AMERICAN LEGION #7	476,066	-	89	1,370,250	4,650	242
PHOENIX	BRENNAN'S	1,755,539	-	89	5,211,843	17,599	241
PHOENIX	FINAL SCORE SPORTS GRILL	706,626	-	89	2,153,985	7,218	244
PHOENIX	NORTH STAR RESTAURANT	947,545	-	89	2,447,584	8,247	243
PHOENIX	PADRE MURPHY'S	1,792,753	-	89	4,700,496	15,886	244
PHOENIX	RASCALS	1,653,439	-	89	4,495,236	15,160	243
PHOENIX	ROMAN'S COUNTY LINE	556,612	-	89	1,734,440	5,849	244
PHOENIX	THE ORIGINAL TOMMY'S	654,936	-	83	1,927,117	6,467	242
PHOENIX	TURF PARADISE	716,531	-	49	-	-	-
PRESCOTT	KELSEY'S SNEAKERS	169,564	-	55	39,218	134	17
PRESCOTT	MATT'S SALOON	75,472	-	34	375,180	1,254	195
PRESCOTT VALLEY	ANTELOPE LANES	241,380	-	89	845,508	2,850	244
PRESCOTT VALLEY	YAVAPAI DOWNS	-	-	-	669,368	2,255	237
QUARTZSITE	QUARTZSITE YACHT CLUB	154,152	-	89	577,788	1,941	244
ROCK SPRINGS	ROCK SPRINGS CAFE	166,881	-	89	414,735	1,405	242
SAFFORD	CHALO'S LA CASA REYNOSO	127,703	-	30	303,152	1,038	81
SAN CARLOS	APACHE GOLD CASINO	65,372	-	51	-	-	-
SCOTTSDALE	CASINO ARIZONA	579,767	-	55	-	-	-
SHOW LOW	RT'S BLACK BULL	295,495	-	89	404,101	1,360	243
SIERRA VISTA	KING'S COURT	272,033	-	53	-	-	-
SIERRA VISTA	P.C.'S LOUNGE	150,374	-	34	1,087,895	3,653	203
SURPRISE	RUNNER'S SPORTS BAR	256,575	-	82	1,030,564	3,475	242
SUN CITY	MCCARTHY'S	346,279	-	55	872,073	2,904	129
TEMPE	HORSE & HOUND-BROADWAY	1,269,009	-	89	3,866,515	13,038	243
TEMPE	MCDUFFY'S SPORTS BAR	789,211	-	89	2,208,458	7,468	244
TUCSON	AIRPORT INN	137,393	-	89	265,113	900	241
TUCSON	FAMOUS SAM'S-EAST	237,343	-	89	576,076	1,936	242
TUCSON	FAMOUS SAM'S-CENTRAL	250,122	-	89	647,858	2,197	242
TUCSON	GOLDEN PIN LANES	591,873	-	88	1,427,415	4,820	242
TUCSON	JEFF'S PUB	454,199	-	89	1,352,147	4,557	242
TUCSON	KAPPY'S RESTAURANT	356,122	-	89	916,813	3,068	241
TUCSON	RILLITO PARK	-	-	-	74,050	254	4
TUCSON	TUCSON GREYHOUND PARK	975,204	-	89	2,905,753	9,775	242
WICKENBERG	UP YOUR ALLEY	74,622	-	34	421,218	1,422	220
YUMA	YUMA GREYHOUND PARK	311,415	-	55	1,164,837	3,892	175
Sub-Total		\$25,946,765	-	4,010	\$71,868,955	\$242,254	10,972
County Fairs							
ST. JOHNS	APACHE COUNTY FAIR	-	-	-	12,666	-	4
PHOENIX	MARICOPA COUNTY FAIR	-	-	-	2,448	-	9
SONOITA	SANTA CRUZ COUNTY FAIR	-	-	-	40,430	-	4
Sub-Total		-	-	-	55,544	-	17
TOTAL		\$25,946,765	-	4,010	\$71,924,499	\$242,254	10,989

TELETRACKING ACTIVITY - COUNTY FAIR MEETS

		<u>FORT TUTHILL DOWNS</u>		<u>YAVAPAI DOWNS</u>		<u>TURF PARADISE</u>	
		(Coconino)		(Yavapai & Yuma)		(La Paz, Maricopa Navajo and Pinal)	
City	Site	Handle	Performances	Handle	Performances	Handle	Performances
AHWATUKEE	GRACE INN	\$85,795	6	\$112,092	8	\$332,079	16
APACHE JUNCTION	APACHE GREYHOUND PARK	61,446	6	65,946	8	296,761	16
APACHE JUNCTION	ARIZONA JOE'S	24,719	6	23,682	8	94,807	16
CASA GRANDE	MCMASHER'S SPORTS BAR	10,995	6	25,019	8	71,752	16
CAVE CREEK	SATISFIED FROG	13,575	6	38,618	8	102,386	16
CHANDLER	DIRTY DRUMMER	84,795	6	88,023	8	299,974	16
CHANDLER	STADIUM CLUB	59,764	6	112,613	8	249,305	16
FLAGSTAFF	MUSEUM CLUB	18,600	6	33,154	8	77,060	16
GLENDALE	GALLINGERS	6,439	6	5,082	4	-	-
GLENDALE	MAX'S SPORTS BAR	66,966	6	85,723	8	309,559	16
GOODYEAR	ROMAN'S OASIS	12,856	6	12,621	8	41,699	16
GREEN VALLEY	GREEN VALLEY LANES	-	-	1,814	3	5,875	6
KINGMAN	ABC RESTAURANT	10,994	5	19,532	8	51,643	16
LAKE HAVASU CITY	GALLAGHER'S AGAIN	34,303	6	42,139	8	106,977	16
MARANA	OLD FATHER INN	18,968	6	-	-	-	-
MARANA	SILVERADO STEAKHOUSE	-	-	52,069	8	124,216	16
NEW RIVER	NEW RIVER STATION	4,246	6	9,943	8	26,708	16
NOGALES	WILD WEST	-	-	-	-	1,220	2
PARKER	STROKES	5,677	6	11,326	8	37,015	16
PAYSON	FAMOUS SAM'S	-	-	8,007	4	48,015	16
PEORIA	GRAND INN	45,304	6	60,623	8	184,448	16
PHOENIX	AMERICAN LEGION #7	24,939	6	44,342	8	117,009	16
PHOENIX	BRENNAN'S	96,310	5	129,315	8	427,243	16
PHOENIX	FINAL SCORE SPORTS GRILL	47,319	6	65,647	8	172,214	16
PHOENIX	NORTH STAR RESTAURANT	52,841	6	88,596	8	174,732	16
PHOENIX	PADRE MURPHY'S	120,992	6	184,544	8	403,808	16
PHOENIX	RASCAL'S	113,766	6	169,192	8	295,658	16
PHOENIX	ROMAN'S COUNTY LINE	35,357	6	55,733	8	173,067	16
PHOENIX	THE ORIGINAL TOMMY'S	31,944	6	42,434	4	167,153	16
PHOENIX	TURF PARADISE	47,584	4	129,217	8	-	-
PRESCOTT	KELSIE'S SNEAKERS	22,571	6	12,166	4	-	-
PRESCOTT	MATT'S SALOON	-	-	12,391	4	41,513	16
PRESCOTT VALLEY	ANTELOPE LANES	16,795	6	23,614	8	64,551	16
PRESCOTT VALLEY	YAVAPAI DOWNS	22,543	6	0	0	71,980	16
QUARTZSITE	QUARTZSITE YACHT CLUB	11,707	6	13,900	7	63,525	16
ROCK SPRINGS	ROCK SPRINGS CAFE	20,259	6	16,335	8	41,012	16
SAFFORD	CHALO'S LA CASA REYNOSO	-	-	15,030	3	26,062	6
SAN CARLOS	APACHE GOLD CASINO	15,446	6	5,478	4	-	-
SCOTTSDALE	CASINO ARIZONA	75,332	6	58,889	4	-	-
SHOW LOW	RT'S BLACK BULL	24,480	6	36,232	8	31,609	16
SIERRA VISTA	KING'S COURT	31,401	6	19,653	4	-	-
SIERRA VISTA	P.C.'S LOUNGE	-	-	15,859	4	136,600	16
SURPRISE	RUNNER'S SPORTS BAR	17,678	6	25,520	7	86,307	16
SUN CITY	MCCARTHY'S	37,386	6	31,776	4	55,912	6
TEMPE	HORSE & HOUND-BROAD'Y	71,748	6	116,905	8	360,601	16
TEMPE	MCDUFFY'S SPORTS BAR	37,283	6	60,640	8	172,469	16
TUCSON	AIRPORT INN	4,495	6	6,159	8	26,849	16
TUCSON	FAMOUS SAM'S-EAST	12,830	6	23,441	8	47,208	16
TUCSON	FAMOUS SAM'S-CENTRAL	13,694	6	15,040	8	45,989	16
TUCSON	GOLDEN PIN LANES	33,582	6	55,319	8	102,882	16
TUCSON	JEFF'S PUB	26,646	6	36,406	8	136,201	16
TUCSON	KAPPY'S RESTAURANT	13,419	6	24,591	8	109,440	16
TUCSON	RILLITO PARK	-	-	-	-	180,174	10
TUCSON	TUCSON GREYHOUND PARK	76,734	6	117,310	8	255,119	16
WICKENBERG	UP YOUR ALLEY	-	-	7,110	4	35,111	16
YUMA	YUMA GREYHOUND PARK	21,602	3	44,251	6	168,912	16
TOTAL		\$1,744,125	275	\$2,511,061	358	\$6,652,409	734

TELETRACKING ACTIVITY - GREYHOUND MEETS

PHOENIX GREYHOUND PARK

City	Site	Handle	Revenue	Performances
APACHE JUNCTION	APACHE GREYHOUND PARK	\$2,072,094	\$5,095	375
CASA GRANDE	MCMASHER'S SPORTS BAR	747,424	1,101	369
CAVE CREEK	SATISFIED FROG	460,516	920	267
CHANDLER	GALLAGHER'S	830,652	1,353	375
CHANDLER	DIRTY DRUMMER	1,958,164	3,147	373
CHANDLER	STADIUM CLUB	1,991,729	2,788	373
GLENDALE	MAX'S SPORTS BAR	5,042,741	5,807	373
KINGMAN	DAMBAR & STEAKHOUSE	334,248	557	204
LITCHFIELD PARK	LIGHTHOUSE RESTAURANT	2,579,641	3,802	374
NEW RIVER	NEW RIVER STATION	23,677	42	41
PEORIA	GALLAGHER'S	1,196,579	2,124	375
PEORIA	GRAND INN	2,085,831	2,508	374
PHOENIX	BIG DADDY'S	1,491,549	2,435	374
PHOENIX	BRENNAN'S	2,651,690	3,635	372
PHOENIX	BRENNAN'S PUB & GRUB	1,518,529	2,087	372
PHOENIX	FINAL SCORE SPORTS GRILL	1,179,691	1,685	208
PHOENIX	RASCAL'S	983,481	1,537	181
PHOENIX	GALLAGHER'S	1,486,128	2,470	375
PHOENIX	PADRE MURPHY'S	5,956,292	7,927	375
PRESCOTT VALLEY	PLAZA BOWL	478,772	979	304
SAN CARLOS	APACHE GOLD CASINO	170,993	250	190
SCOTTSDALE	CASINO ARIZONA	1,903,775	2,742	152
SIERRA VISTA	COCHISE HEALTH & RACQUET	795,390	1,431	295
TEMPE	DERBY GRILL & PUB	977,652	1,507	371
TEMPE	HORSE & HOUND-OFF BROADWAY	2,018,903	2,885	375
TEMPE	MCDUFFY'S SPORTS BAR	1,053,252	1,560	374
TEMPE	SKIP & JAN'S	664,041	1,367	305
YUMA	YUMA GREYHOUND PARK	972,608	943	257
SUB-TOTAL		\$43,626,042	\$64,684	8,753

TUCSON GREYHOUND PARK

City	Site	Handle	Revenue	Performances
GREEN VALLEY	GREEN VALLEY LANES	154,418	-	128
MARANA	OLD FATHER INN	61,459	-	25
MARANA	SILVERADO STEKHOUSE	1,679,005	-	337
TUCSON	AIRPORT INN	1,016,440	-	361
TUCSON	FAMOUS SAM'S - CENTRAL	1,614,004	-	362
TUCSON	FAMOUS SAM'S - EAST	2,035,486	-	362
TUCSON	GOLDEN PIN LANES	3,029,856	-	362
TUCSON	JEFF'S PUB	2,969,661	-	362
TUCSON	KAPPY'S	1,513,866	-	361
SUB-TOTAL		\$14,074,195	-	2,660
TOTAL		\$57,700,237	\$64,684	11,413

Racing Regulation

The Department of Racing's regulatory responsibilities ensure that all participants and permittees involved in commercial horse racing, greyhound racing, and county fair horse racing operate and perform in compliance with applicable Arizona statutes, rules and regulations. This is accomplished through the investigation and licensing activities of the Department.

Licensing

The Department processes and investigates all license applications in a timely manner while ensuring only those eligible receive licenses.

<u>Performance Measures</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Number of licenses issued	4,707	6,058	2,638
Number of licenses denied	10	13	9

Civil Penalties/Fines

The Boards of Stewards have the authority to impose penalties and fines up to a maximum of a 60-day suspension and/or \$500. The Director has the authority to affirm, reverse or modify the Stewards' Rulings, including license revocation.

<u>Performance Measures</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Number of disciplinary actions	719	778	709
Percent total licensees with disciplinary action	5%	7%	5%
Amount of fines imposed	\$47,185	\$60,740	\$50,645
Amount of fines collected	\$42,502	\$56,315	\$50,748

Stewards Rulings by Track

<u>Track</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Turf Paradise	349	370	341
Yavapai Downs	158	163	173
Rillito Park	10	21	22
All County Fairs	67	60	50
Apache Greyhound Park	5	16	22
Phoenix Greyhound Park	62	35	44
Tucson Greyhound Park	68	113	57
Total	719	778	709

Racing Regulation

Director's Rulings

The Director may conduct hearings of appeals or Stewards' referrals or may assign a case that has been appealed or referred to the Arizona Office of Administrative Hearings. The Administrative Law Judge provides the Director findings of fact, conclusions of law and a proposed order. The Director may accept or modify any decision proposed by the Judge. The table below summarizes hearings and cases by the Director, the Office of Administrative Hearings, and the Racing Commission.

<u>Summary of Hearings and Orders</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Director's Hearings	123	116	112
Referrals	143	106	110
Appeals	17	10	25
Administrative Law Judge Hearings	8	12	23
Racing Commission Hearings	2	3	7
Cases Withdrawn/Dismissed	4	13	28
Total Number of Hearings	133	131	135
Total Number of Director's Orders*	183	185	200

* (Includes orders for action taken not requiring a hearing, i.e. stays, reinstatements, cases dismissed, etc.)

Investigations

The Department investigates all possible violations of racing laws and rules. In addition, investigations are conducted in connection with license applications.

<u>Performance Measures</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Number of Investigations Regarding Violations	300	175	319
Percentage of Investigations Resulting in Disciplinary Action	75%	73%	51%
Number of Investigations Regarding Licensing	804	904	482
Percentage of Investigations Resulting in Disciplinary Action	13%	16%	13%

Types of Investigations

<u>Offenses</u>	<u>Total</u>	<u>Denied</u>	<u>Referred</u>	<u>Pending</u>	<u>Warning</u>	<u>No Violation</u>
Criminal Records Received	292	0	0	49	0	243
Inspection-Kennels	128	0	0	0	0	128
Interviews	111	0	0	0	0	111
False Application	84	0	45	39	0	0
Human Drug Testing	52	0	13	0	0	39
Animal Drug Testing	50	1	49	0	0	0
Horse Rule Violation	46	0	46	0	0	0
Miscellaneous	37	0	2	0	0	35
Undesirables	13	9	4	0	0	0
Greyhound Rule Violation	11	1	10	0	0	0
Possession of Contraband	4	0	4	0	0	0
Criminal Violation	1	0	1	0	0	0
Illegal Gambling	0	0	0	0	0	0
Total	829	11	174	88	0	556

Racing Regulation

Drug/Alcohol Abuse Investigations

The Department of Racing is authorized to require persons licensed to submit to testing when there is reason to believe they may be under the influence of or unlawfully in possession of any prohibited substance regulated by Title 13, Chapter 34.

Testing Summary

	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Human Drug Tests	53	36	45
Positive Drug Tests	11	6	4
Licensee Refused to Test	11	4	6
Percent Positive	40%	28%	22%
Breath/Alcohol Tests	7	2	5
Positive Breath/Alcohol Tests	5	1	2
Percent Positive	71%	50%	40%

Equine & Canine Drug Testing

The Department contracts with independent laboratories for the analysis of equine urine and blood samples and canine urine samples. This analysis is required to enforce the rules of racing that prohibit animals from racing while under the influence of foreign substances. .

Testing Summary

	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Equine Drug Testing			
Number positive equine drug tests	52	38	40
Percent positive equine drug tests	2.2%	1.6%	1.6%
Canine Drug Testing			
Number positive canine tests	12	2	2
Percent positive canine tests	.11%	.02%	.03%
Totals			
Total Positive tests	64	40	42
Percent Total positive tests	.004%	.003%	.005%

LICENSE BY CATEGORY

CATEGORY	HORSE					GREYHOUNDS					GRAND TOTAL
	TURF PARADISE	YAVAPAI DOWNS	COUNTY FAIR	RILLITO PARK	TOTAL	PHOENIX	APACHE	TUCSON	RBO	TOTAL	
1 YR CONCESSION	0	0	0	0	0	0	0	0	0	0	0
1 YR MUTUEL	0	0	1	0	1	0	0	0	0	0	1
1 YR PEACE OFFICER	0	0	0	0	0	0	0	0	0	0	0
3 YR COOLOUT	0	0	0	0	0	7	9	9	0	25	25
3 YR MUTUEL	26	10	57	2	95	34	2	52	0	88	183
3 YR PEACE OFFICER	0	0	4	0	4	0	0	0	0	0	4
APPRENTICE JOCKEY	3	0	0	0	3	0	0	0	0	0	3
ASSISTANT STARTER	4	0	0	0	4	0	0	0	0	0	4
ASSISTANT TRAINER	9	0	1	0	10	7	1	5	0	13	23
AUTH. AGENT-FULL	3	2	0	0	5	0	0	0	0	0	5
AUTH. AGENT-PARTIAL	108	13	0	1	122	0	0	1	0	1	123
BREED FARM/OTHER OP	0	0	0	0	0	0	0	0	3	3	3
COMBINATION OPER	0	0	0	0	0	0	0	0	0	0	0
DUPLICATE/NO FEE	8	4	0	0	12	0	0	0	0	0	12
EXERCISE RIDER	56	14	2	5	77	0	0	0	0	0	77
FACILITY MGR/AGENT	0	0	0	0	0	1	0	0	0	1	1
GROOM	139	30	23	32	224	0	0	0	0	0	224
INELIGIBLE	7	0	1	1	9	0	0	0	0	0	9
JOCKEY	31	8	9	3	51	0	0	0	0	0	51
JOCKEY AGENT	4	2	0	0	6	0	0	0	0	0	6
KENNEL-NEW	0	0	0	0	0	2	0	0	0	2	2
KENNEL-RENEWAL	0	0	0	0	0	0	0	1	0	1	1
OCCUPATIONAL	161	52	51	35	299	58	10	36	0	104	403
OCCUPATIONAL-BRDR	0	0	0	0	0	0	0	0	0	0	0
OFFICIAL	3	4	0	1	8	3	3	8	0	14	22
OTB	47	9	2	0	58	20	0	8	0	28	86
OUTRIDER	0	2	0	1	3	0	0	0	0	0	3
OWNER	554	94	50	68	766	24	7	16	0	47	813
OWNER-TRAINER	39	6	8	7	60	0	0	0	0	0	60
PADDOCK EMPLOYEE	0	0	0	0	0	22	20	81	0	123	123
PERMITTEE DIR/BD MBR	3	0	2	0	5	0	0	0	0	0	5
PLATER	7	2	1	1	11	0	0	0	0	0	11
PONY RIDER	22	13	7	7	49	0	0	0	0	0	49
RACING KENNEL	0	0	0	0	0	0	0	0	3	3	3
SECURITY	5	2	13	7	27	9	1	5	0	15	42
STABLE-NEW	43	5	1	0	49	0	0	0	0	0	49
STABLE-RENEWAL	9	0	0	0	9	0	0	0	0	0	9
TEMP. CLAIM	28	2	0	0	30	0	0	0	0	0	30
TEMP. OWNER	34	6	0	0	40	0	0	0	0	0	40
TEMP. STABLE	1	0	0	0	1	0	0	0	0	0	1
TRAINER	50	14	11	7	82	6	4	1	0	11	93
VENDOR-BUSINESS	8	2	2	1	13	0	0	0	0	0	13
VENDOR-EMPLOYEE	18	4	6	2	30	4	0	0	0	4	34
VETERINARIAN	2	0	1	0	3	0	0	0	0	0	3
VOIDS	0	0	0	0	0	0	0	0	0	0	0
LICENSES ISSUED	1,432	300	253	181	2,166	197	57	223	6	483	2,649
FINGERPRINTS TAKEN	817	162	164	119	1,262	143	41	126	0	310	1,572
LICENSING FEES	\$29,549	\$5,445	\$4,143	\$3,219	\$42,356	\$3,401	\$1,077	\$3,426	\$375	\$8,279	\$50,635
FINGERPRINT FEES	\$19,608	\$3,864	\$3,936	\$2,856	\$30,264	\$3,360	\$984	\$3,024	\$0	\$7,368	\$37,632
TOTAL FEES	\$49,157	\$9,309	\$8,079	\$6,075	\$72,620	\$6,761	\$2,061	\$6,450	\$375	\$15,647	\$88,267

Boxing Regulation

The Department of Racing regulates and supervises all boxing events conducted in Arizona to protect the participants in these events and to ensure compliance with the Boxing laws and regulations. The events include traditional boxing, kickboxing, tough man contests, and mixed martial arts.

In 1992, the Arizona Department of Racing assumed responsibility for the financial administration of the Arizona State Boxing Commission. In this capacity, the Department collects and deposits State receipts associated with boxing.

The Department collects a fee of four percent of the gross receipts after deduction of any federal, state, and local taxes generated from boxing matches. In FY 2003, the Department collected \$21,531 in taxes generated from 26 boxing events in the State.

The State Boxing Commission issued 335 licenses, and the Department collected a total of \$8,905 in license fees from these applicants.

Sanctioned Events

The Department ensures that all events under Commission jurisdiction held in the State are sanctioned by the Arizona State Boxing Commission and that all participants are duly licensed.

<u>Performance Measures</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Percent of bouts without serious injury to contestants	100%	100%	100%
Number of events sanctioned	20	29	26
Number of bouts	120	145	130
Number of licenses issued	338	444	335
Percent of licenses issued for all applications	99%	99%	99%

Licensing

The Department issues licenses to participate in Boxing to those who are qualified and eligible. Licenses are denied for those who are undesirable or statutorily prohibited from participating.

<u>Revenue Summary</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Taxes	\$49,275	\$20,272	\$21,531
License Fees	6,755	8,215	8,905
Prior Year Receipts	444	0	0
Fines	0	0	0
Total Revenue Collected	\$56,474	\$28,487	\$30,436

Investigations

The Department investigates all allegations of statutory and rule violations that may harm the athlete or the public.

<u>Performance Measures</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Number of investigations conducted	10	3	2
Percent of investigations resulting in disciplinary action	0%	0%	0%

Financial Issues

Department Of Racing Budget

The Department of Racing's expenditures for the last three fiscal years, the appropriated funds for FY 2004 and the budget request for FY 2005, including a summary of full-time and seasonal positions are included below.

A continuation of the current budget level will enable the Department to provide the services required to regulate and support the racing industry in Arizona. Several administrative changes and modernization of the Department's rules, policies, and procedures have been implemented or are being developed to allow the Department to provide better services to its customers while using resources as currently appropriated.

Several proposals for new programs and funding sources were included with the Department's budget request for FY 2005. Some of the proposed programs will allow the Department to expand its revenue sources while reducing its dependence on the General Fund and others will increase revenues generated for the Department, the industry, and the General Fund. These recommendations for increasing state revenues will provide resources for the regulation of the racing industry while maintaining its financial health and protecting the public interest.

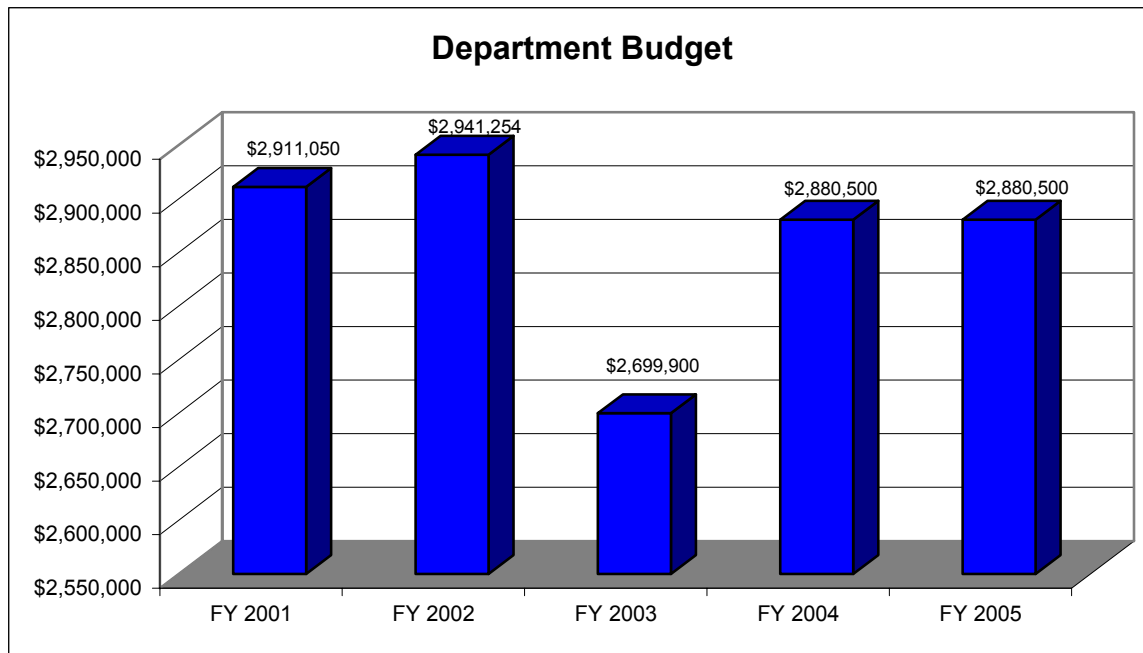
The total Department of Racing budget for FY 2003 was \$2,811,000. This was a reduction of \$207,100, or 7%, from the prior budget period. Nearly 86% of the Department's budget was appropriated from the State General Fund.

OPERATING BUDGET

	Actual Exp FY 2001	Actual Exp FY 2002	Actual Exp FY 2003	Appropriation FY 2004	Budget Request FY 2005
Full Time Equivalent Positions (FTE)	54.8	54.8	46.5	46.5	46.5
Full Time	39.0	39.0	33.0	33.0	33.0
Seasonal	15.8	15.8	13.5	13.5	13.5
Personal Services	\$1,593,714	\$1,652,346	\$1,611,000	\$1,707,400	\$1,707,400
Employee Related Expenses (ERE)	346,267	377,179	394,500	447,800	447,800
Professional & Outside Services	490,796	503,191	323,500	358,300	358,300
Travel - In State	166,955	161,175	150,700	116,600	116,600
Travel - Out of State	7,593	2,357	3,200	2,500	2,500
Other Operating	233,862	222,747	214,300	247,900	247,900
Equipment	71,863	22,259	2,700	-	-
AGENCY TOTAL	\$2,911,050	\$2,941,254	\$2,699,900	\$2,880,500	\$2,880,500

FUND SOURCES

General Fund	\$2,556,973	\$2,625,355	\$2,366,400	\$2,442,500	\$2,442,500
<u>Other Appropriated Funds</u>					
County Fair Racing Fund	309,673	263,494	295,300	362,500	362,500
Administration of Betterment & Breeders' Awards Fund	44,404	52,405	38,200	75,500	75,500
SUBTOTAL	354,077	315,899	333,500	438,000	438,000
AGENCY TOTAL	\$2,911,050	\$2,941,254	\$2,699,900	\$2,880,500	\$2,880,500



Department Of Racing Revenues

The Department of Racing collects pari-mutuel taxes, license fees and fines that are deposited into eight separate funds, the State General Fund and the Greyhound Adoption Fund. Pari-mutuel taxes and license fees collected are deposited into eight separate funds as described below. Fines are deposited directly into the State General Fund and license fees collected from dog breeders and racing kennels are deposited into the Greyhound Adoption fund. See tables and charts on page 33.

Distribution of Revenues to the Eight Separate Funds and Maximum Dollars Allowed

Fund	Distribution	Annual Maximum
County Fairs Livestock & Agriculture Promotion	33%	\$1,200,000
County Fairs Racing Betterment	22%	800,000
Breeders' Award	22%	800,000
Exposition and State Fair	11%	400,000
County Fair Racing	9%	300,000
Stallion Award	1%	40,000
Administration of Betterment & Breeders Awards	1%	45,000
Agricultural Consulting and Training	1%	N/A
Total Maximum Funding Allowed	100%	\$3,585,000

Revenues from pari-mutuel taxes continued to decline in FY 2003. They declined 16.2% or \$121,790 when compared to FY 2002. Several tax breaks have been provided to the racing industry since 1995. The tax breaks listed below contribute, in part, to the continued reduction in pari-mutuel tax revenues from the racing industry.

- Tax reductions for greyhound tracks.
- Exemption from State tax on dollars wagered on simulcast.
- Hardship tax credit for tracks, which have suffered a decline in business.
- Capital improvement program tax reduction.

Additional funds are received from the Arizona Department of Revenue transfer of unclaimed property funds to the Department of Racing. During FY 2003, the transfer was for \$6,527,513. These dollars are distributed among the eight separate funds and enables the Department of Racing to reach the statutorily authorized levels for each fund. The dollars remaining are deposited into the General Fund, which received \$3,563,278, from the Department of Racing's portion of unclaimed property dollars in FY 2003.

As the pari-mutuel tax revenues continue to decline, the contributions from the unclaimed property fund to each of the eight funds increase. This in turn, reduces the funds available for the State's General Fund. Therefore, the unclaimed property funds become increasingly more important to the continuation of the programs supported by these eight funds and the State's General Fund. See tables and charts on page 34.

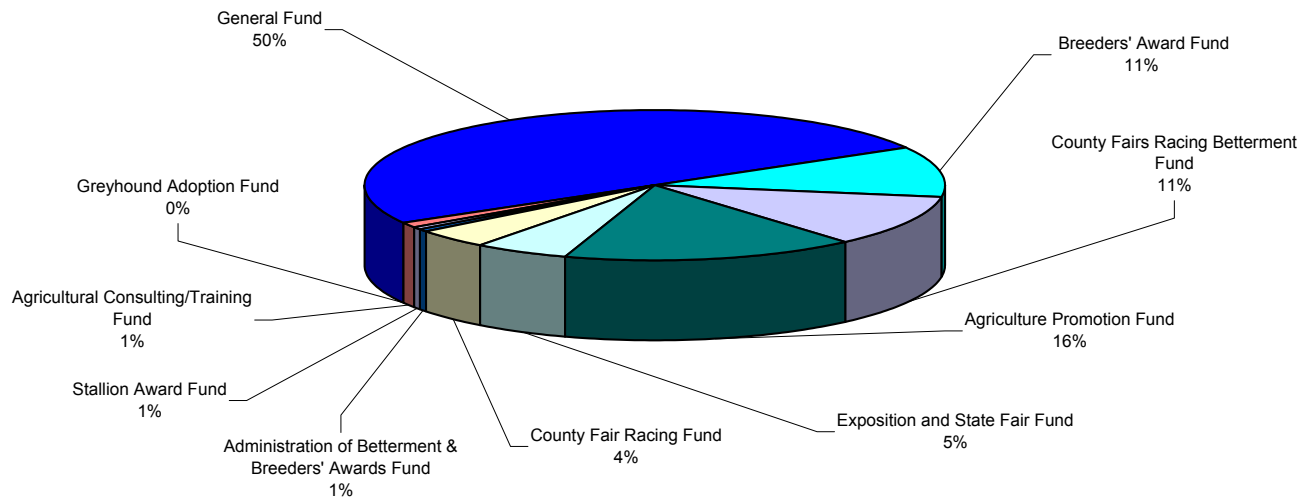
The six funds summarized on page 35 are the funds administered by the Department of Racing for various programs. The County Fairs Livestock & Agriculture Promotion Fund, the Exposition and State Fair Fund, and the Agricultural Consulting and Training Fund are administered by other State programs, as described below.

- County Fairs Livestock & Agriculture Promotion FundGovernor's Office
- Exposition and State Fair FundArizona Exposition and State Fair
- Agricultural Consulting and Training FundArizona Department of Agriculture

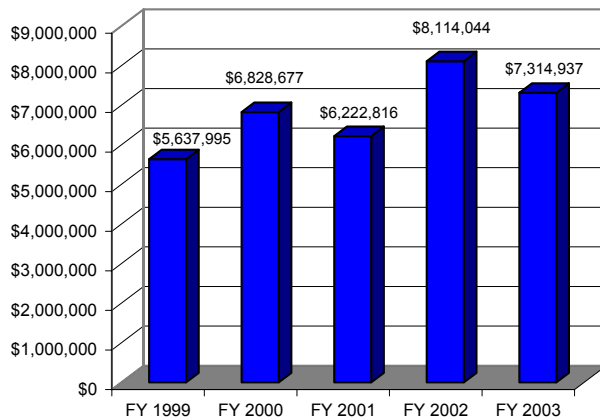
Distribution of Department of Racing Revenues

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
General Fund	\$1,989,279	\$3,172,344	\$2,575,970	\$4,444,693	\$3,657,354
Breeders' Award	800,000	800,000	800,000	800,000	800,000
County Fairs Racing Betterment	800,000	800,000	800,000	800,000	800,000
Agriculture Promotion	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Exposition and State Fair	400,000	400,000	400,000	400,000	400,000
County Fair Racing	300,000	300,000	300,000	300,000	300,000
Administration of Betterment and Breeders' Award	48,579	48,345	45,000	45,000	45,000
Stallion Award	40,000	40,000	40,000	40,000	40,000
Agricultural Consulting/Training	55,837	67,713	61,771	80,951	72,508
Greyhound Adoption	4,300	275	75	3,400	75
Total Distribution	\$5,637,995	\$6,828,677	\$6,222,816	\$8,114,044	\$7,314,937

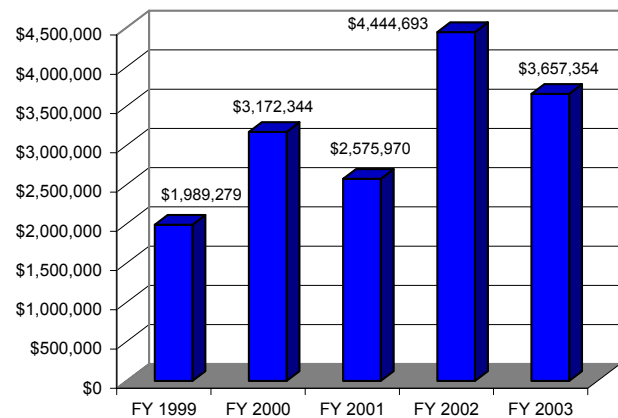
**Distribution of Department of Racing Revenues
FY 2003**



Total Department Revenues by Fiscal Year



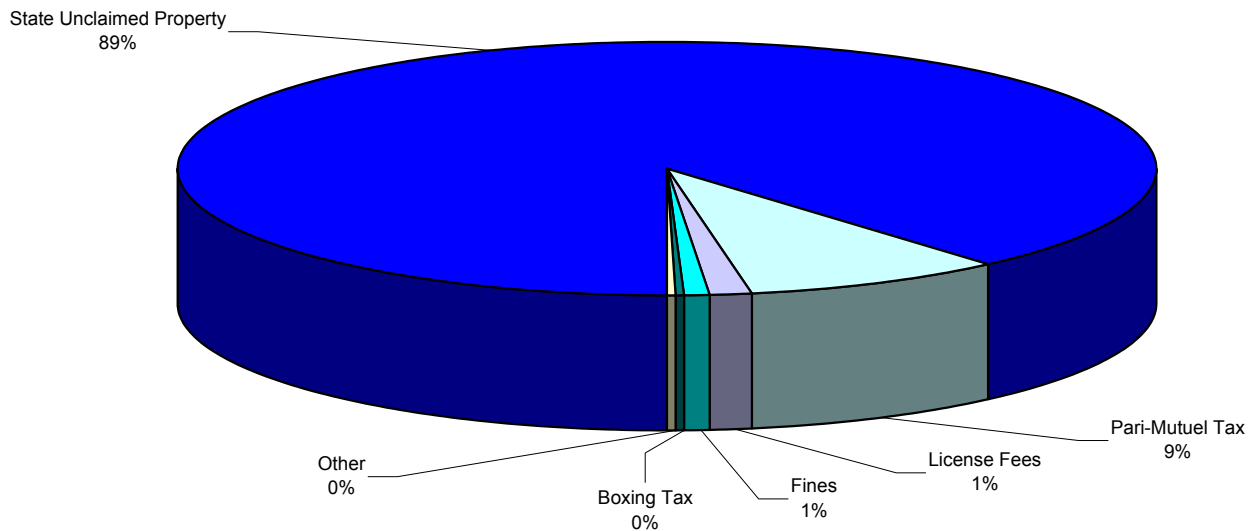
General Fund Revenues by Fiscal Year



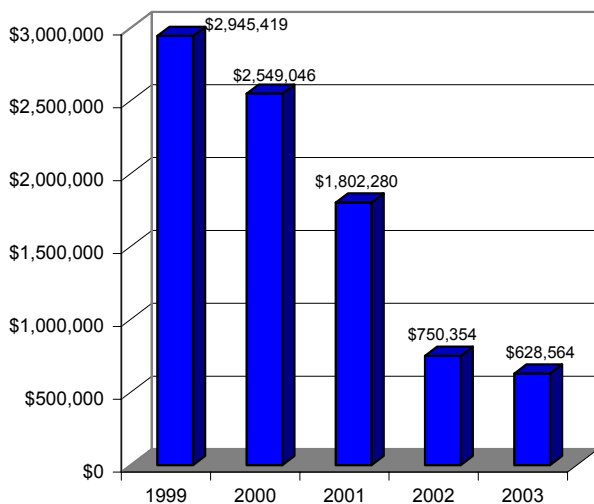
Department of Racing Revenues by Category

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
State Unclaimed Property	\$2,465,180	\$4,153,331	\$4,266,855	\$7,186,030	\$6,527,513
Pari-Mutuel Tax	2,945,419	2,549,046	1,802,280	750,354	628,564
License Fees	166,829	59,506	91,558	158,988	111,750
Fines	45,570	45,810	42,502	56,315	50,748
Boxing Tax	12,491	17,804	49,275	13,929	21,531
Other	14,997	20,985	19,621	(37,643)	(25,169)
Total	\$5,650,486	\$6,846,482	\$6,272,091	\$8,127,973	\$7,314,937

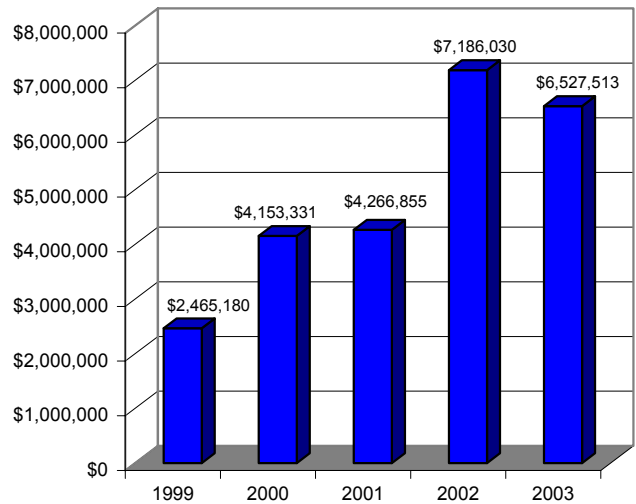
Department of Racing Revenues by Category FY 2003



Pari-Mutuel Tax Revenue by Fiscal Year



State Unclaimed Property Transfers by Fiscal Year



FY 2003 Appropriated and Non-Appropriated Funds

<u>DESCRIPTION OF FUNDS</u>	<u>FY 2002</u>	<u>FY 2003</u>
County Fair Racing (RCA2170 / A.R.S. 5-113) <i>APPROPRIATED</i> <u>Source of Revenue:</u> Receives 9% of revenue derived from pari-mutuel receipts, license fees, and unclaimed property (maximum of \$300,000). <u>Purpose of Fund:</u> For the administration of county fair racing. FUNDS EXPENDED	\$263,600	\$295,300
Administration of County Fair Racing & Breeders Awards Fund (RCA2018 / A.R.S. 5-113) <i>APPROPRIATED</i> <u>Source of Revenue:</u> Receives 1% of revenue derived from pari-mutuel receipts, license fees, and unclaimed property (maximum of \$45,000). <u>Purpose of Fund:</u> To administer the Arizona County Fairs Racing Betterment Fund, the Arizona Breeders' Award Fund, the Arizona Stallion Award Fund, and the Greyhound Adoption Fund. FUNDS EXPENDED	\$52,500	\$38,200
Arizona Breeders Award (RCA2206 / A.R.S. 5-113) <i>NON-APPROPRIATED</i> <u>Source of Revenue:</u> Receives 22% of revenue derived from pari-mutuel receipts, license fees, and unclaimed property (maximum of \$800,000). <u>Purpose of Fund:</u> To award the breeder of every winning horse or greyhound foaled or whelped in this state. FUNDS EXPENDED	\$589,000	\$1,152,000
County Fair Racing Betterment (RCA2207 / A.R.S. 5-113) <i>NON-APPROPRIATED</i> <u>Source of Revenue:</u> Receives 22% of revenue derived from pari-mutuel receipts, license fees, and unclaimed property (maximum of \$800,000). <u>Purpose of Fund:</u> To provide a grant to each eligible county fair association conducting a county fair racing meeting. FUNDS EXPENDED	\$782,700	\$778,900
Greyhound Adoption (RCA2015 / A.R.S. 5-113) <i>NON-APPROPRIATED</i> <u>Source of Revenue:</u> License fees collected from dog breeders, racing kennels, and other operations where greyhounds are raised for dog racing. <u>Purpose of Fund:</u> To provide grants to non-profit organizations to promote the adoption of retired racing greyhounds as domestic pets. FUNDS EXPENDED	\$3,200	\$375
Stallion Award (RCA2315 / A.R.S. 5-113) <i>NON-APPROPRIATED</i> <u>Source of Revenue:</u> Receives 1% of revenue derived from pari-mutuel receipts, license fees, and unclaimed property (maximum of \$40,000). <u>Purpose of Fund:</u> To award owners or lessees of stallions that bred winning horses in this state. FUNDS EXPENDED	\$40,000	\$40,000

Department of Racing Pari-Mutuel Tax and Hardship Tax Credit Projections

The revenue projections developed by the Department of Racing and included in the tables below are based on historical levels and industry trends and assume the continued operation of each of Arizona's commercial race tracks. These tables indicate anticipated State pari-mutuel taxes from dollars wagered over the next three fiscal years. The tables also provide actual and estimated amounts for the Hardship Tax Credit during the next three fiscal years.

FY 2005 Estimated Pari-Mutuel Tax and Hardship Tax Credit

TRACK	BASE YEAR	BASE YEAR AMOUNT	ESTIMATED FY 2004 AMOUNT WAGERED	ESTIMATED FY 2004 % DECREASE	ESTIMATED PARI-MUTUEL TAX DUE	TAX DUE BASED ON % DECREASE	ESTIMATED FY 2005 HARDSHIP CREDIT	CARRYOVER FROM FY 2004 HARDSHIP TAX CREDIT	FY 2005 TAX CREDIT WITH FY 2004 CARRYOVER
HORSE TRACKS:									
Fort Tuthill Downs	FY 1994	\$798,671	\$0	-100.00%	\$0	\$0	\$0	\$7,320	\$7,320
Rillito Park	FY 1990	3,887,981	794,288	-79.57%	15,886	12,640	37,921	104,011	141,932
Turf Paradise	FY 1994	101,467,993	128,989,983	27.12%	555,184	0	0	0	0
Yavapai Downs	FY 1994	17,490,826	27,070,187	54.77%	91,526	0	0	0	0
GREYHOUND TRACKS:									
Apache Greyhound Park	FY 1990	\$12,262,396	\$5,428,133	-55.73%	\$81,186	\$45,248	\$135,743	\$215,131	350,874
PGP: Western Racing	FY 1990	49,391,582	32,645,192	-33.91%	1,161,879	393,976	1,181,928	0	1,181,928
PGP: American Racing	FY 1994	46,293,967	26,084,311	-43.66%	845,889	369,236	1,107,708	603,670	1,711,378
Tucson Greyhound Park	FY 1990	38,110,346	22,717,264	-40.39%	427,651	172,719	518,156	1,429,801	1,947,957

FY 2006 Estimated Pari-Mutuel Tax and Hardship Tax Credit

TRACK	BASE YEAR	BASE YEAR AMOUNT	ESTIMATED FY 2005 AMOUNT WAGERED	ESTIMATED FY 2005 % DECREASE	ESTIMATED PARI-MUTUEL TAX DUE	TAX DUE BASED ON % DECREASE	ESTIMATED FY 2006 HARDSHIP CREDIT	CARRYOVER FROM FY 2005 HARDSHIP TAX CREDIT	FY 2006 TAX CREDIT WITH FY 2005 CARRYOVER
HORSE TRACKS:									
Fort Tuthill Downs	FY 1994	\$798,671	\$0	-100.00%	\$0	\$0	\$0	\$7,320	\$7,320
Rillito Park	FY 1990	3,887,981	814,145	-79.06%	16,680	13,187	39,562	126,046	165,608
Turf Paradise	FY 1994	101,467,993	130,279,882	28.40%	560,736	0	0	0	0
Yavapai Downs	FY 1994	17,490,826	26,393,432	50.90%	89,238	0	0	0	0
GREYHOUND TRACKS:									
Apache Greyhound Park	FY 1990	\$12,262,396	\$5,482,414	-55.29%	\$81,998	\$45,337	\$136,012	\$269,688	405,700
PGP: Western Racing	FY 1990	49,391,582	31,012,932	-37.21%	1,103,785	410,756	1,232,269	20,049	1,252,318
PGP: American Racing	FY 1994	46,293,967	24,780,095	-46.47%	803,594	373,412	1,120,235	865,489	1,985,724
Tucson Greyhound Park	FY 1990	38,110,346	21,581,400	-43.37%	406,268	176,191	528,573	1,541,689	2,070,262

FY 2007 Estimated Pari-Mutuel Tax and Hardship Tax Credit

TRACK	BASE YEAR	BASE YEAR AMOUNT	ESTIMATED FY 2006 AMOUNT WAGERED	ESTIMATED FY 2006 % DECREASE	ESTIMATED PARI-MUTUEL TAX DUE	TAX DUE BASED ON % DECREASE	ESTIMATED FY 2007 HARDSHIP CREDIT	CARRYOVER FROM FY 2006 HARDSHIP TAX CREDIT	FY 2007 TAX CREDIT WITH FY 2006 CARRYOVER
HORSE TRACKS:									
Fort Tuthill Downs	FY 1994	\$798,671	\$0	-100.00%	\$0	\$0	\$0	\$7,320	\$7,320
Rillito Park	FY 1990	3,887,981	834,499	-78.54%	17,514	13,755	41,265	148,928	190,193
Turf Paradise	FY 1994	101,467,993	131,582,681	29.68%	566,343	0	0	0	0
Yavapai Downs	FY 1994	17,490,826	25,733,596	47.13%	87,007	0	0	0	0
GREYHOUND TRACKS:									
Apache Greyhound Park	FY 1990	\$12,262,396	\$5,537,238	-54.84%	\$82,818	\$45,420	\$136,261	323,702	459,963
PGP: Western Racing	FY 1990	49,391,582	29,462,286	-40.35%	1,048,595	423,141	1,269,422	148,533	1,417,955
PGP: American Racing	FY 1994	46,293,967	23,541,090	-49.15%	763,414	375,171	1,125,513	1,182,130	2,307,643
Tucson Greyhound Park	FY 1990	38,110,346	20,502,330	-46.20%	385,955	178,309	534,926	1,663,994	2,198,920

Hardship Tax Credit

The Department of Racing determines the amount, if any, of a Hardship Tax Credit available to the commercial horse and greyhound permittees. This credit supports the pari-mutuel industry by responding to the reduction in wagering that has occurred and offsetting the tax due the State.

Determination of the FY 2004 Hardship Tax Credit Based on the FY 2003 Dollars Wagered

TRACK	BASE YEAR	BASE YEAR AMOUNT	FY 2003 AMOUNT WAGERED	FY 2003 % DECREASE	FY 2003 PARI-MUTUEL TAX DUE	TAX DUE BASED ON % DECREASE	FY 2004 HARDSHIP TAX CREDIT	CARRYOVER FROM FY 2003 HARDSHIP TAX CREDIT	FY 2004 TAX CREDIT WITH FY 2003 CARRYOVER
HORSE TRACKS:									
Fort Tuthill Downs	FY 1994	\$798,671	\$0	-100.00%	\$0	\$0	\$0	\$7,320	\$7,320
Rillito Park	FY 1990	3,887,981	774,915	-80.07%	15,498	12,409	37,228	82,669	119,897
Turf Paradise	FY 1994	101,467,993	127,712,854	25.87%	541,643	0	0	0	0
Yavapai Downs	FY 1994	17,490,826	27,764,294	58.74%	93,873	0	0	0	0
GREYHOUND TRACKS:									
Apache Greyhound Park	FY 1990	\$12,262,396	\$5,374,389	-56.17%	\$80,382	\$45,152	\$135,456	\$160,861	296,317
PGP: Western Racing	FY 1990	49,391,582	34,363,360	-30.43%	1,223,030	372,165	1,116,494	0	1,116,494
PGP: American Racing	FY 1994	46,293,967	27,457,169	-40.69%	890,409	362,266	1,086,799	362,760	1,449,559
Tucson Greyhound Park	FY 1990	38,110,346	23,912,909	-37.25%	450,159	167,687	503,061	1,354,391	1,857,452

Department of Racing Pari-Mutuel Tax Revenue - FY 2003

TRACK	ALLOWABLE HARDSHIP CREDITS IN FY 2003	FY 2003 HANDLE	FY 2003 PARI-MUTUEL TAX DUE	FY 2003 CAPITAL IMPROVEMENT WITHHOLDINGS	FY 2003 HARDSHIP TAX CREDIT	AGP CREDITS to PGP	FY 2003 CHARITY DAYS	FY 2003 PARI-MUTUEL TAX REVENUE
HORSE TRACKS:								
Rillito Park	\$98,167	\$774,915	\$15,498	\$0	\$15,498	\$0	\$0	\$0
Turf	0	127,712,854	541,643	0	0	0	12,935	528,708
Yavapai Downs	0	27,764,294	93,873	93,873	0	0	0	0
Subtotal Horse Tracks	\$98,167	\$156,252,063	\$651,014	\$93,873	\$15,498	\$0	\$12,935	\$528,708
GREYHOUND TRACKS:								
Apache Greyhound Park	\$236,223	\$5,374,389	\$80,072	\$27,383	\$75,362	(\$27,383)	\$4,710	\$0
PGP: Western Racing	835,191	34,363,360	1,223,030	244,267	835,191	27,383	16,333	99,856
PGP: American Racing	1,253,169	27,457,169	890,409	0	854,727	0	35,682	0
Tucson Greyhound Park	1,804,550	23,912,909	450,159	0	450,159	0	0	0
Subtotal Greyhound Tracks	\$4,129,133	\$91,107,827	\$2,643,670	\$271,650	\$2,215,439	\$0	\$56,725	\$99,856
GRAND TOTAL	\$4,227,300	\$247,359,890	\$3,294,684	\$365,523	\$2,230,937	\$0	\$69,660	\$628,564

Track Capital Improvements

The Department is authorized by statute to encourage the improvement of racing facilities by reducing the pari-mutuel tax due the State. The percentages paid the State by the permittee is reduced by 1% of the total amount wagered in counties with a population over 500,000 and 27% in all other counties. This program benefits the racing industry and the public by supporting capital improvements, which should result in an increase in revenue from pari-mutuel wagering.

Prior approval of the Racing Commission for the capital improvement proposed was required to qualify for the reduction. This provision expired on June 30, 1992 for counties with populations of 500,000 or more and on June 30, 1999 for counties with populations of less than 500,000 according to the previous United States decennial census. The capital improvement dollars for projects approved before the expiration date may continue to be deducted from the pari-mutuel tax due until exhausted. The following table show dollars deducted by each track during FY 2003.

Permittee	Project Description	Improvement Dollars Approved	Dollars Deducted FY 2003	Cumulative Dollars Deducted	Remaining Dollars Approved
Prescott Downs/Yavapai Downs					
	Grandstand & Clubhouse Structure, etc.	\$52,196,636	\$93,873	\$226,655	\$51,969,981
	Total-Prescott (Yavapai) Downs	\$52,196,636	\$93,873	\$226,655	\$51,969,981
American Greyhound Racing, Inc. (Phoenix, Yuma and Apache Greyhound Parks)					
	Ginny pit, fire escape ladder	\$844,851		Included in Aggregate Totals Below	
	Elevators, escalators	349,890			
	Administrative offices and construction of new grandstand facility	17,000,000			
	Escalators	207,900			
	Clubhouse renovation, computer hardware and software	1,686,826			
	Total- American Greyhound Racing, Inc.	\$20,089,467	\$271,650	\$20,089,467	\$0.00
Total Dollars Deducted in FY 2003 – All Tracks		\$72,286,103	\$365,523	\$20,316,122	\$51,969,981
1) Excludes projects for which total approved dollars have been deducted, except for American Greyhound Racing, Inc. 2) For projects approved after October 1982, the tax liability may be reduced at any track operated by the permittee and applied to the cumulative total of projects approved for the permittee. Therefore, the reduction in tax percentage is taken at all meets conducted by American Greyhound Racing, Inc. and applied against the total of projects shown.					